

Weekly Market Update



Market Data as of Week Ending: 9/23/2022 unless noted otherwise

U.S. stock prices fell sharply as the Fed increased interest rates and reset expectations of their resolve to continue in the face of persistent inflation. Fed Chairman, Jerome Powell, did not attempt to quell volatility in equity markets and spoke plainly about their commitment to reducing inflation, regardless of its impact on economic growth. Large companies generally outperformed their small and mid-sized peers, while the valuation factor had mixed results, depending on size. All eleven major sectors in the S&P 500 dropped with declines more pronounced in cyclical and economically sensitive sectors such as energy and consumer discretionary. Traditionally defensive sectors such as consumer staples, utilities, and healthcare provided the best downside protection for the week. Developed foreign and emerging stock prices declined with mixed results relative to the U.S. as currency markets were rattled.

U.S. Treasury yields advanced again as the 10-year U.S. Treasury increased 0.24% and ended the week at 3.69%. The 2-year yields increased by more than 0.40% to 4.21% as investors are starting to align more closely with the Fed's forecast. Despite higher yield changes in the short end of the curve, longer duration bonds experienced the steepest declines and higher quality bonds outperformed. High yield corporate bonds lagged as investors are pivoting away from the riskiest segment of the bond market. Yields on investment grade and high yield corporate bonds rose, finishing the week at 5.4% and 9.3%, respectively.

It was a light week for economic data releases as investors were closely following not just the Fed's policy rate decision, but more importantly, the committee's forecasts and messaging after the meeting. Their expectation for real economic growth was reduced to 0.2% in 2022 and 1.2% in 2023; however, they noted the high level of uncertainty around those projections based on the current cycle of interest rate increases. Economic survey data from S&P Global surprised to the upside as both manufacturing and services activity were better than expected. The manufacturing sector showed signs of resilience and even increased from 51.5 to 51.8 (levels above 50 indicate growth). Activity in the services sector increased but remains in contraction territory at 49.2. The U.S. dollar appreciated by more than 3% against a basket of major currencies, and Japan intervened in the currency market to support the yen for the first time since 1998.

U.S. Equity Returns (Size & Style - Russell)

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	-5.20%	-4.88%	-4.57%	-6.37%	-6.73%	-7.08%	-3.14%	-1.96%	-0.77%	-15.59%	-22.49%	-28.63%
Mid	-5.85%	-6.08%	-6.49%	-7.38%	-7.55%	-7.86%	-2.49%	-1.62%	0.03%	-18.32%	-22.84%	-30.98%
Small	-6.08%	-6.58%	-7.06%	-8.10%	-8.83%	-9.54%	-2.39%	-1.38%	-0.36%	-19.29%	-24.48%	-29.70%

U.S. Fixed Income Returns (Quality & Duration - Bloomberg)

	Week			MTD			QTD			YTD		
	Short	Interm	Long	Short	Interm	Long	Short	Interm	Long	Short	Interm	Long
Govt	-0.83%	-1.10%	-1.37%	-1.62%	-2.15%	-5.25%	-2.19%	-2.83%	-7.02%	-6.28%	-8.44%	-26.73%
Corp	-0.99%	-1.34%	-2.11%	-1.72%	-2.47%	-5.21%	-1.48%	-2.22%	-5.12%	-7.00%	-10.99%	-26.70%
HY	-1.20%	-1.69%	-3.34%	-1.69%	-2.56%	-4.85%	1.48%	0.75%	0.12%	-8.30%	-12.93%	-24.12%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	-4.63%	-6.51%	-2.06%	-21.61%
S&P MidCap 400	-5.92%	-7.78%	-0.95%	-20.30%
Russell 2000	-6.58%	-8.83%	-1.38%	-24.48%
MSCI EAFE	-5.60%	-8.11%	-8.12%	-26.10%
MSCI Emerging Markets	-4.03%	-8.75%	-8.59%	-24.70%
MSCI EAFE Small Cap	-5.82%	-9.29%	-7.58%	-30.42%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	-1.17%	-2.24%	-2.63%	-9.22%
Bloomberg US Agg	-1.56%	-3.36%	-3.80%	-13.75%
Bloomberg US High Yield	-1.75%	-2.64%	0.73%	-13.57%
Other				
Bloomberg Commodity	-3.66%	-7.42%	-3.38%	14.43%
S&P Dev Property	-6.62%	-9.29%	-8.03%	-26.78%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	-7.01%	-5.82%	6.90%	-28.19%
Consumer Staples	-2.15%	-4.31%	-2.89%	-8.31%
Energy	-9.00%	-11.03%	0.38%	32.34%
Financials	-5.58%	-5.51%	-0.73%	-19.32%
Health Care	-3.36%	-1.25%	-3.86%	-11.88%
Industrials	-4.54%	-8.34%	-2.45%	-18.83%
Info Technology	-3.57%	-8.16%	-2.11%	-28.45%
Materials	-5.63%	-8.76%	-6.53%	-23.25%
Real Estate	-6.35%	-9.70%	-7.61%	-25.73%
Communication Svcs	-5.09%	-9.40%	-9.98%	-37.14%
Utilities	-2.99%	-2.80%	3.07%	2.50%

Bond Yields

	9/23/22	8/31/22	6/30/22	12/31/21
3Mo Libor	3.63%	3.10%	2.29%	0.21%
SOFR 3Mo Swap	3.53%	2.97%	2.10%	0.09%
2Yr Treasury	4.21%	3.50%	2.96%	0.73%
10Yr Treasury	3.69%	3.20%	3.02%	1.51%
2-10 Slope	-0.52%	-0.30%	0.06%	0.78%

Commodities and Currency

	9/23/22	8/31/22	6/30/22	12/31/21
Oil (\$/barrel)	79.24	89.55	105.76	76.99
Gold (\$/oz.)	1643.94	1711.04	1807.27	1829.2

Past performance is not a guarantee of future results. We believe the information presented is reliable, but we do not guarantee its accuracy.