

Monday, November 7, 2022

Good morning:

As expected, the Fed hiked the Federal Funds rate by another 0.75% last week in its continued effort to quell inflation. The accompanying statement initially struck the market with whiff of optimism that perhaps such tightening would soon moderate as they referenced for the first time the “lag” that exists between their actions and the economic data that may confirm its effectiveness. However, the resulting market bounce was short-lived when Chairman Powell took to the podium and indicated no change in sight to their aggressive approach. This was enough to end the market’s winning streak as it posted its first losing week since September.



As has been the case for much of this year, Value oriented equities fared better as evidenced by the Dow only giving back 1.38% while the Growth sectors in the NASDAQ declined 5.62% by week's end. All major indices are modestly higher in early trading today, with industrials, financials, and energy stocks continuing to outperform. As we wrap up Q3 earnings season, two things are clear. The strong U.S. consumer continued to enable most companies to remain profitable and report better than expected earnings growth. However, rising rates and an uncertain economic near-term horizon has prompted many firms to provide cautious or lower guidance for Q4 and beyond. As expected, such forecasts were greeted harshly by traders.

This week will likely be largely focused on the much-anticipated midterm elections across the U.S. occurring tomorrow. Markets generally don't like uncertainty so getting through this election, regardless of its outcome, will be a welcomed milestone for market and economic forecasters. However, the biggest concerns impacting markets will remain inflation and interest rates long after the midterms, neither of which is an especially partisan issue.



We will be discussing the election, the market, and the economy in this challenging year later today during our exclusive client webinar/call at

1:00 CT. We will send a final email reminder separately today and hope you can join us.

Have a great week and don't forget to vote!

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The Dow Jones Industrial Average (DJIA), commonly known as "The Dow" is an index representing 30 stocks of companies maintained and reviewed by the editors of the Wall Street Journal.

S&P 500 Index is an unmanaged, market value-weighted index of 500 stocks generally representative of the broad stock market. An investment cannot be made directly in a market index.

The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.

The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index.

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Market return and statistical data obtained from: https://am.jpmorgan.com/blob-gim/1383452890099/83456/weekly_market_recap.pdf?segment=AMERICAS_US_ADV&locale=en_US
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