

# Friday Forethought

For week ending October 7, 2022

## Getting Some Lift & Thrust, but Still Too Much Load & Drag

The week, which began with heightened trader activity that led to some nice positive momentum, again gave way to gravity as investors paused on concerns of inflation outlook and continued rate swings. Additionally, OPEC stated that they will cut production by 2 million barrels per day, likely sending gas and oil prices back up, which combined with Russia reduced exports to the EU nations, has the potential to exacerbate the global shortage. As the inflation and rate hike news is taking front and center, there are still strong undertows from the Russia/Ukraine conflict and Putin's threats as well as the continued outlook/status and the economic trails of Covid.

It appears that investors are not yet confident that the Fed's actions and respective timing, even though we have been given a general timeline and anticipated rate cap. The good and bad news is that consumers are starting to feel the pinch, and that should start to have a notable effect on inflation. During 2022, we have witnessed a fairly drastic change in consumers change from a 'saving' mode to a 'credit' mode; as their savings have dwindled i.e. instead of spending cash, consumers are using their credit cards for every day purchases – becoming more budget-minded.

## Our Take



It will likely take a while for the market to bake in all inflation elements as well as the rate hike trajectory; and we still have several months to see if the Fed's delayed efforts to fight inflation will facilitate a softer (less hard) landing or if the Fed overcorrected, and we head into a more definitive inflationary period. It's important that we understand that we are in a volatile economy and will likely be here for some time. Volatility is not necessarily a bad thing as significant opportunities are created during these cycles. We understand that there are multiple factors that go into your investment decisions, so if you have any questions or would like any additional information, please give us a call.

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### Leading Trends

The S&P 500 Energy and S&P 500 Utilities are the leading sectors year-to-date: up 49.91% and down 9.08% respectively.

### Lagging Trends

S&P 500 Consumer Discretionary and S&P 500 Communication Services Sector are the lagging sectors year-to-date: down 28.58% and down 36.74% respectively.

### Weekly Markets

↑	S&P 500	3,744.52	+2.86%
↑	NASDAQ	11,073.31	+3.13%
↑	DJIA <sup>1</sup>	29,926.94	+2.40%

<sup>1</sup>Dow Jones Industrial Average

↑	10-YR US Treasury	3.824%	+3.60 bps
↑	GOLD	1,721.20	+3.13%
↑	OIL	88.88	+8.91%

Market close 9-29-2022 to market close 10-6-2022

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