# Friday Forethought

For week ending October 14, 2022

## Market Makes a U Turn

After dropping to their lowest levels since 2020, U.S. equities did an about-face and surged up off the opening bell yesterday – from being down over 500 points, to finishing over 800 points up – an impressive 1,300 point swing. This activity came as a pleasant surprise following the latest inflation report that showed inflation had climbed another 0.4% from August – paired with overall gloomy expectations from earnings season. Additionally, the Consumer Price Index (CPI) rose yet again, thus increasing the probability that the Fed will remain hawkish on rate hikes for the near term; and while U.S. producer prices increased more than expected in September, the underlying goods prices posted their weakest reading in nearly 2 ½ years as supply chains improved further – offering some hope against inflation (reuters.com). Market insecurity is still being generated from variables such the Russia/Ukraine conflict and the International Monetary Fund's (IMF) prediction that global growth will slow to 2.7% in 2023. So what is spurring the up market? Let's keep an eye on earnings season…

Side notes - It appears that interest in stock market is back on the rise. Data shows that investors are eying the stock market, with growing interest i.e. Google search, but the question remains as to whether they are showing renewed interest in stocks to buy on the pullback (DataTreck Research). Oil and OPEC - there may be more to come that could work in our favor regarding oil prices – keep an eye out for U.S./Saudi Arabia discussions/negotiations. OPEC's two million barrel per day reduction could boost oil prices in the U.S., thus hurting consumers during a tough winter. This situation has sparked President Biden to revisit America's support to Saudi Arabia. Stay tuned for more updates on this situation.

## Our Take

Market reactions like today offer hope that investors believe that we are trolling at or near the bottom of the market, and could be the reason we are seeing higher engagement. However, we recommend investors hold tight through earnings season as it remains to be seen as to whether earnings have peaked or if they will enter into a trough in 2023 (and as such, how will the market respond). In the meantime, investors with cash positions can take advantage of more conservative investments. If you have any questions, please give us a call.



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### Leading Trends

The S&P 500 Energy and S&P 500 Consumer Staples Sector are the leading sectors year-to-date: up 51.69% and down 10.99% respectively

### Lagging Trends

S&P 500 Real Estate Sector and S&P 500 Communication Services Sector are the lagging sectors year-to-date: down 33.15% and down 38.49% respectively.

### Weekly Markets

| | | |
|---|---|---|
| S&P 500 | 3,669.91 | -1.99% |
| NASDAQ | 10,649.15 | -3.83% |
| DJIA[1] | 33,038.72 | +0.37% |

[1]Dow Jones Industrial Average

| | | |
|---|---|---|
| 10-YR US Treasury | 3.945% | +5.50 bps |
| GOLD | 1,671.10 | -1.80% |
| OIL | 89.11 | -4.39% |

Market close 10-6-2022 to market close 10-13-2022

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