



# September 2022 Market Update

## Special points of interest:

- **Major market indices have now entered—or re-entered—bear market territory, down more than 20% from the last market high.**
- **Bearish sentiment among investors is high, but markets often climb ‘walls of worry’.**
- **10-year U.S. Treasury yields ended the quarter at 3.83%, up from 1.63% at the beginning of the year.**
- **As a silver lining, savers now have more options to earn income from savings.**

## Inside this issue:

The Markets in September 2022	1
The Look Ahead	1
Disclaimers	2

## The Markets in September 2022

Another month gone from the calendar, another month of declines for major market indices. In September, the Dow Jones Industrial average dropped 8.8%, the S&P 500 index lost 9.3%, and the Nasdaq fell 10.5%. All of these indices have now entered—or re-entered—bear market territory, down more than 20% from the last market high. Year-to-date, this has been the worst annual performance since 2008, even including the pandemic in 2020!

Normally, markets like these offer some sort of safe haven in other assets, but this year has proved incredibly difficult to find them. The Bloomberg U.S. Aggregate

Bond Index is down more than 16% this year to date, its worst year on record going back to 1976. Gold, historically seen as a haven from inflation, is also down 8.7% in 2022. Arguably, the only safe asset has been cash, and even cash is at risk of being eaten alive by inflation.

On the positive side, U.S. consumer sentiment inched higher in September, but uncertainty runs high. The University of Michigan’s consumer sentiment index rose to 59.5 in September, up from a reading of 50.0 in June but down from 72.8 a year ago. However, investors still expect another shoe to drop on the mar-

kets. Bearish sentiment, or expectations that stock prices will fall over the next six months, rose to its highest level since March 2009 in a recent poll from the American Association of Individual Investors. Markets often climb ‘walls of worry’, so as a contrarian, I see this as a long-term positive, but it’s going to be a volatile fourth quarter.

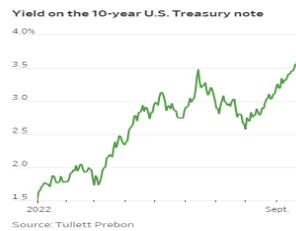


**Equity and bond investors alike have had a rough year so far in highly unusual, highly correlated negative markets.**

## The Look Ahead

Have we come too far, too fast on interest rates? No one truly knows yet, but it’s clear that higher rates will now exert a significant drag on the economy. The 10-year U.S. Treasury yield briefly touched 4% in the week leading up to quarter end before falling back to 3.83% at Sept 30. This is up from 1.63% at the beginning of the year.

Mortgage rates have also risen to



their highest levels in more than 15 years. By September’s end, the average rate on a 30-year fixed mortgage was 6.7%, according to Freddie Mac—up from 3.01% a

year ago. Obviously, mortgage rates have a major influence on consumer housing decisions.

The upside of all these rate increases is that savers now have more options to earn income from savings. For conservative investors, look at short-term Treasuries for yield. For more risk tolerant investors, consider beaten-down dividend stocks.



*Disclaimers:*

*This publication has been prepared by Marco Rimassa, CFP<sup>®</sup>, CRPC<sup>®</sup>, CFA. The author certifies that the views expressed in this publication reflect the author's current personal views about the investments or market/economic conditions described in this report. The author also certifies that there has not been, is not, and will not be direct or indirect compensation from any of the sources or investments described in this publication for expressing the specific recommendation(s) and view(s) in this publication.*

*This publication does not constitute an offer or solicitation of any transaction in any securities referred to herein. Any recommendation contained in this report may not be suitable for all investors. Although the information contained herein has been obtained from recognized services, issuer reports or communications, or other services and sources believed to be reliable, its accuracy or completeness cannot be guaranteed. Any opinions, estimates, or projections expressed herein may assume economic, industry, and political conditions and/or current conditions at the time of issuance, which are subject to change. Any quoted price or value is as of the last trading session unless otherwise noted.*

*This information is being furnished to you for informational purposes only, and on the condition that it will not form a primary basis for any investment decision. Investors must make their own determination of the appropriateness of an investment in any securities referred to herein based on the legal, tax, and accounting considerations applicable to such investors and their investing strategy. By virtue of this publication, neither the author nor any owners, employees, or affiliated personnel shall be responsible for any investment decisions based upon any of the information included herein.*