

## Weekly Market Commentary September 6, 2022

### The Markets

You may have heard this one: Don't fight the Fed.

The Fed is the Federal Reserve Bank of the United States. Among other things, the Fed influences monetary conditions in pursuit of price stability and full employment. As we've seen recently – with unemployment low and inflation high – the Fed's job isn't simple or straightforward.

"Don't fight the Fed" is a bit of wisdom that encourages investors to align their portfolios with current monetary policy. "The rationale is deceptively intuitive. If the Federal Reserve is cutting interest rates or is generally accommodative, then the ensuing liquidity should provide a positive backdrop for risk assets like stocks. If the Fed is raising rates or constraining liquidity, that activity tends to be a headwind for equities and other assets," reported Steve Sosnick of *Barron's*.

After the Fed confirmed its commitment to rein in inflation by raising rates, the Standard & Poor's 500 Index finished August lower.

"In retrospect, bulls should maybe have been more worried that one of the most reliable tools the Federal Reserve has for subduing inflation is to scare the U.S. equity market," reported Isabelle Lee and Lu Wang of *Bloomberg*. They cited studies that found, "Disinflationary effects have historically kicked in when the S&P 500 drops more than 19%...It breached that level in June and is now approaching it again...every dollar lost in stocks leads to a 3-cent reduction in spending."

It will be interesting to see whether spending moves lower. While stock markets dropped in August, consumer sentiment moved higher. After falling for three consecutive months, the Conference Board's Consumer Confidence Index<sup>®</sup> increased in August. (The Index sets 100 at 1985 sentiment levels. In 1985, the United States was in its third year of economic growth following a recession.) Last month, sentiment was 103.2, up from 95.3 in July.

Some economists see consumer sentiment as a lagging economic indicator, meaning that it reflects what happened in the past, because it takes time for consumers to respond to economic events. Others think consumer sentiment is a leading indicator because it suggests where spending, which is the biggest driver of U.S. economic growth, may be headed. Consumer spending accounts for close to 70 percent of gross domestic product (GDP), which is how economic growth is measured.

Last week, major U.S. stock indices finished lower after the U.S. employment report showed solid jobs growth, suggesting that the Federal Reserve will continue to raise rates, reported Ben Levisohn of *Barron's*. U.S. Treasury yields rose across the yield curve when compared to the previous week's close.

<b>Data as of 9/2/22</b>	<b>1-Week</b>	<b>Y-T-D</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>
Standard & Poor's 500 Index	-3.3%	-17.7%	-13.5%	10.5%	9.8%	10.8%
Dow Jones Global ex-U.S. Index	-3.2	-21.2	-23.8	0.5	-0.8	2.2
10-year Treasury Note (yield only)	3.2	N/A	1.3	1.5	2.1	1.6
Gold (per ounce)	-2.2	-5.9	-5.5	3.9	5.1	0.1
Bloomberg Commodity Index	-4.4	20.1	23.2	15.6	6.9	-2.2

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

**BACK TO SCHOOL.** Across the country, school supplies have been purchased and many children have returned to the classroom to start a new school year. The give and take between teachers and students can produce some memorable – and humorous – moments. The following are from stories shared in *Reader's Digest*.

**Teacher:** Where is your homework?

**Student:** It's still in my pencil.

**Teacher:** Why can't freshwater fish live in salt water?

**Student:** The salt would give them high blood pressure.

**Teacher:** How would you make the world a better place?

**Student:** I'd make potato skins a main dish rather than an appetizer.

**Teacher:** Mira went to the library at 5:15 and left at 6:45. How long was Mira at the library?

**Student:** Not long.

**Teacher:** Why do you think our librarian is leaving?

**Student:** Because she's read all our books?

**Teacher:** In Franz Kafka's *The Metamorphosis*, a man who is discontented with his life, wakes up to find he has been transformed into a large, disgusting insect.

**Student:** So, is this fiction or nonfiction?

**Teacher:** Why aren't you wearing your glasses?

**Student:** My glasses are for reading, not math.

What are your favorite school stories?

### **Weekly Focus – Think About It**

"I have learned silence from the talkative, toleration from the intolerant, and kindness from the unkind; yet strange, I am ungrateful to those teachers."

—Khalil Gibran, writer and poet

Best Regards,

Victor Levy for Levy Wealth Management Group



1818 Market St | Suite 3232 | Philadelphia, PA 19103

Main: 215-875-8720 | Fax: 215-875-8756

[info@levywealth.com](mailto:info@levywealth.com)

[www.levywealth.com](http://www.levywealth.com)

- \* These views are those of Carson Coaching, and not the presenting Representative or the Representative's Broker/Dealer, and should not be construed as investment advice.
- \* This newsletter was prepared by Carson Coaching. Carson Coaching is not affiliated with the named broker/dealer.
- \* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
- \* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
- \* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
- \* All indexes referenced are unmanaged. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.
- \* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
- \* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
- \* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
- \* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
- \* The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
- \* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
- \* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
- \* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
- \* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
- \* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
- \* Past performance does not guarantee future results. Investing involves risk, including loss of principal.
- \* You cannot invest directly in an index.
- \* Stock investing involves risk including loss of principal.
- \* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.
- \* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.
- \* Asset allocation does not ensure a profit or protect against a loss.
- \* Consult your financial professional before making any investment decision.
- \* To unsubscribe please reply to this email with "Unsubscribe" in the subject line.

Securities offered through LPL Financial, Member of FINRA/SIPC. Investment Advice offered through Levy Wealth Management Group, a registered investment advisor and separate entity from LPL Financial.

Sources:

[https://www.federalreserve.gov/faqs/about\\_12594.htm](https://www.federalreserve.gov/faqs/about_12594.htm)

<https://www.barrons.com/articles/fed-interest-rates-investing-mantras-51662006600?tesla=y> (or go to

[https://resources.carsongroup.com/hubfs/WMC-Source/2022/09-06-22\\_Barrons\\_The%20Fed%20is%20Hawkish\\_2.pdf](https://resources.carsongroup.com/hubfs/WMC-Source/2022/09-06-22_Barrons_The%20Fed%20is%20Hawkish_2.pdf))

<https://finance.yahoo.com/quote/%5EGSPC?p=%5EGSPC>  
<https://www.bloomberg.com/news/articles/2022-09-02/browbeaten-stock-bulls-wilt-in-the-face-of-rising-fed-hostility> (or go to  
[https://resources.carsongroup.com/hubfs/WMC-Source/2022/09-06-22\\_Bloomberg\\_Browbeaten%20Stock%20Bulls%20Wilt%20in%20the%20Face%20of%20Rising%20Fed%20Hostility\\_4.pdf](https://resources.carsongroup.com/hubfs/WMC-Source/2022/09-06-22_Bloomberg_Browbeaten%20Stock%20Bulls%20Wilt%20in%20the%20Face%20of%20Rising%20Fed%20Hostility_4.pdf))  
<https://fred.stlouisfed.org/series/GDPC1#0>  
<https://www.conference-board.org/topics/consumer-confidence>  
<https://www.investopedia.com/insights/understanding-consumer-confidence-index/>  
[https://www.barrons.com/articles/the-stock-market-looked-ready-to-recover-before-falling-apart-what-went-wrong-51662165266?refsec=the-trader&mod=topics\\_the-trader](https://www.barrons.com/articles/the-stock-market-looked-ready-to-recover-before-falling-apart-what-went-wrong-51662165266?refsec=the-trader&mod=topics_the-trader) (or go to [https://resources.carsongroup.com/hubfs/WMC-Source/2022/09-06-22\\_Barrons\\_The%20Stock%20Market%20Blew%20Its%20Chance%20of%20Recovery%20After%20the%20Jobs%20Report\\_8.pdf](https://resources.carsongroup.com/hubfs/WMC-Source/2022/09-06-22_Barrons_The%20Stock%20Market%20Blew%20Its%20Chance%20of%20Recovery%20After%20the%20Jobs%20Report_8.pdf))  
[https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily\\_treasury\\_yield\\_curve&field=tdr\\_date\\_value=2022](https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field=tdr_date_value=2022)  
<https://www.rd.com/list/funny-school-stories/>  
<https://www.goodreads.com/quotes/117616-i-have-learned-silence-from-the-talkative-toleration-from-the>