



Stock Market Rebounds After September Sell-Off

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Monthly Market Summary

- The S&P 500 Index returned +8.1% during October, underperforming the Russell 2000 Index's +11.2% return.
- Energy (+25%) was the top-performing sector as the price of oil rose +8.9%, with Industrials (+13.9%) and Financials (+11.9%) the second and third best performers. Defensive sectors underperformed the market rally during October, with Real Estate (+2%), Utilities (+1.9%), and Communication Services (+0.7%).
- Corporate investment grade bonds generated a -0.7% total return, underperforming corporate high yield bonds' +3.3% total return.
- The MSCI EAFE Index of global developed market stocks returned +5.9% during October, outperforming the MSCI Emerging Market Index's -2% return.

Equity Market Rebounds After September Sell-Off

Stock markets remained volatile during October, once again changing direction as investors shifted their views. After declining -9.2% during September, the S&P 500 gained +8.1% during October. Likewise, the Russell 2000 Index of small cap stocks reversed direction, returning +11.2% during October after declining -9.7% during September. In the credit market, high yield corporate bonds outperformed as credit spreads tightened, while investment grade bonds produced a slight loss as Treasury yields continued to move higher. A comparison of September and October performance trends highlights the sharp reversal in market sentiment and the resulting risk-on market rally.

Uncertain Federal Reserve Policy Continues to Drive Market Volatility

Increased stock and bond market volatility is attributed to uncertain Federal Reserve policy. Why? The terminal rate, which represents the forecasted rate at which interest rate hikes will stop, constantly changes as new information is available. A higher terminal rate is more restrictive on economic activity and implies lower stock valuations, while a lower terminal rate is less economically restrictive and implies higher stock valuations. As the market's terminal rate forecast moves up and down, stocks and bonds also move to price in the new terminal rate. It's a messy process.

The October equity market rally was driven by the concept of a 'Fed pivot', which is defined as a reversal in Federal Reserve policy. The pivot concept gained steam recently as Fed officials started to debate when and how to stop raising interest rates, which the market interpreted as fewer rate hikes and a lower terminal rate. Stocks traded higher as the market priced in a lower terminal rate. Is the new projected terminal rate correct? It's difficult to say, and the market likely isn't done guessing. Until the direction of Fed policy is clearer, the market's projected terminal rate will continue to fluctuate. This means volatility could remain elevated in coming months.

THIS MONTH IN NUMBERS

FIGURE 1

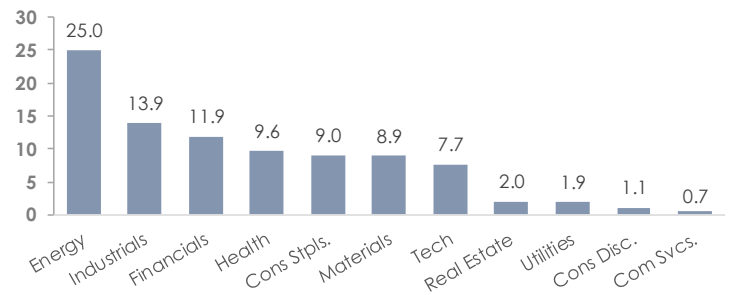
U.S. Style Returns (October in %)

	Value	Blend	Growth
Large	10.1	8.1	5.8
Mid	9.4	8.8	7.9
Small	12.7	11.2	9.5

Data Reflects Most Recently Available As of 10/31/2022

FIGURE 2

U.S. Sector Returns (October in %)



Data Reflects Most Recently Available As of 10/31/2022

FIGURE 3

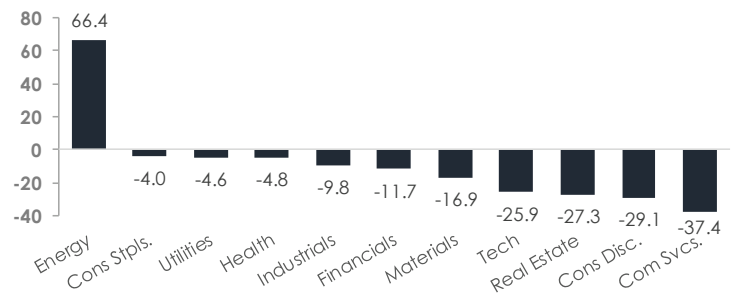
U.S. Style Returns (YTD in %)

	Value	Blend	Growth
Large	-9.5	-17.7	-26.7
Mid	-13.0	-17.7	-26.2
Small	-11.3	-16.8	-22.4

Data Reflects Most Recently Available As of 10/31/2022

FIGURE 4

U.S. Sector Returns (YTD in %)



Data Reflects Most Recently Available As of 10/31/2022

FIGURE 5

Market Data Center

Stocks	1 month	3 months	6 months	YTD	1 year	3 years
S&P 500	8.1%	-5.9%	-5.5%	-17.7%	-14.6%	33.1%
Dow Jones	14.0%	0.1%	0.3%	-8.5%	-6.9%	27.6%
Russell 2000	11.2%	-1.6%	-0.1%	-16.8%	-18.5%	22.1%
Russell 1000 Growth	5.8%	-9.0%	-8.3%	-26.7%	-24.7%	38.6%
Russell 1000 Value	10.1%	-2.5%	-3.3%	-9.5%	-7.2%	22.0%
MSCI EAFE	5.9%	-9.8%	-11.4%	-22.7%	-22.6%	-2.5%
MSCI EM	-2.0%	-14.4%	-18.5%	-29.3%	-30.7%	-12.6%
NASDAQ 100	4.0%	-11.7%	-10.9%	-29.8%	-27.5%	43.8%

	Dividend Yield	NTM P/E	P/B
S&P 500	1.60%	16.8x	3.9x
Dow Jones	1.91%	16.6x	4.4x
Russell 2000	1.32%	18.8x	2.0x
Russell 1000 Growth	0.80%	22.3x	9.6x
Russell 1000 Value	2.00%	13.6x	2.3x
MSCI EAFE	5.08%	11.6x	1.6x
MSCI EM	3.20%	10.4x	1.5x
NASDAQ 100	0.71%	21.1x	6.2x

Fixed Income	Yield	1 month	3 months	YTD	1 year	3 years
U.S. Aggregate	5.01%	-1.3%	-8.2%	-15.4%	-15.4%	-10.0%
U.S. Corporates	6.00%	-0.7%	-10.8%	-21.6%	-21.6%	-12.6%
Municipal Bonds	4.46%	-0.8%	-6.0%	-11.3%	-10.6%	-5.1%
High Yield Bonds	9.08%	3.3%	-4.8%	-12.3%	-11.2%	-2.0%

Commodities	Level	1 month	YTD
Oil (WTI)	86.53	8.9%	15.1%
Gasoline	2.70	3.1%	21.4%
Natural Gas	6.61	-2.3%	85.7%
Propane	0.88	-11.6%	-15.4%
Ethanol	2.36	4.7%	-4.0%
Gold	1,641	-1.9%	-10.3%
Silver	19.12	0.4%	-18.1%
Copper	3.41	-0.8%	-23.4%
Steel	713	-6.4%	-50.3%
Corn	6.92	2.1%	16.6%
Soybeans	14.02	1.1%	6.8%

Key Rates	10/31/2022	9/30/2022	7/31/2022	4/30/2022	10/31/2021	10/31/2019
2 yr Treasury	4.49%	4.20%	2.90%	2.69%	0.49%	1.52%
10 yr Treasury	4.07%	3.80%	2.64%	2.89%	1.55%	1.69%
30 yr Treasury	4.20%	3.77%	2.98%	2.94%	1.94%	2.18%
30 yr Mortgage	7.14%	7.06%	5.28%	5.41%	3.14%	3.75%
Prime Rate	6.25%	6.25%	5.50%	3.50%	3.25%	4.75%

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