

# Monthly Market Review

Month of October, 2022



## By The Numbers

<u>Index</u>	<u>DOW</u>	<u>S&amp;P 500</u>	<u>NASDAQ</u>	<u>10YR Yield</u>
10/31/2022 Close	32,732	3,871	10,988	4.09%
October Market Performance	+14%	+8%	+3.9%	+5.4%
Year-To-Date Market Performance	-9.9%	-19%	-30%	+120%

## October Review

October was an outstanding month in what has turned out to be a very disappointing year. In fact, October was the best Dow Jones Industrial Average one-month performance since 1976. In contrast, September was the worst month for market performance since the pandemic began (DOW lost 8.8%, S&P lost 9.3%, Nasdaq lost 10.5%).

One explanation why October was so good is that it was a natural rebound from an over-sold September. Additionally, corporate earnings were a dominant boost to market performance. Traditional companies like banks reported strong earnings and future expectations, while technology companies reported mixed results. This may have caused investors to sell technology and buy more conservative investments, which is reflected in the Dow jumping 14% while the Nasdaq was only up 3.9%.

The Fed has also been a market influencer. So far this year they have raised rates five separate times. They will meet again in early November when another rate-hike is anticipated. The Fed is raising rates to slow the economy and reduce inflation, but, at the same time, raising rates reduces the future value of stock earnings and threatens to push the economy into a recession.

Finally, October was not kind to the housing market as higher interest rate pushed the average 30-year mortgage to over 7%. New home sales, mortgage applications and current home prices have all fallen.

## Looking Forward

November 2	Next Fed meeting and possible rate hike
November 4	Non-farm payroll report
November 8	Mid-term elections
December 14	Final Fed meeting for 2022, possible rate hike

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**QUESTIONS?** Dan Bolan, FNBC Portfolio Manager | 708.579.8574 | dbolan@fnbcbt.com