Making Sense

THIS MONTH'S WEBINAR:
(WATCH IT HERE.)

- Economic update
- Where do markets go from here?

WHAT'S NEXT?

Making Sense Webinar: 10.26.2022

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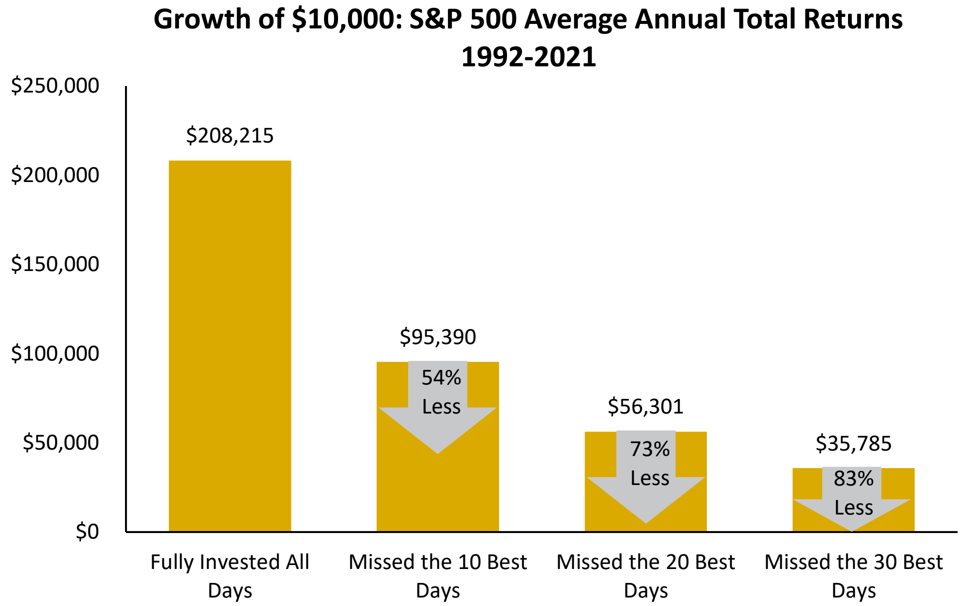
What's Next for Interest Rates?[i]

We're getting questions from clients regarding the latest 0.75% rate hike from the Federal Reserve. The hike was not a surprise, yet markets sold-off following the announcement. Why is that? The latest report from the Federal Open Market Committee included their quarterly projections, which signaled monetary policy would remain aggressive. Compared to June's projections, the Fed's forecast puts the federal funds rate above 4% at year-end and even higher in 2024. Inflation has fallen at a much slower pace than expected, driving aggressive monetary policy from the Federal Reserve. Year-over-year inflation was 8.3% in August—an improvement compared to July, but higher than expected.

Timing Markets Can Prove Costly

Investors don't need anyone to tell them that 2022 has seen a lot of market swings. During this month's webinar we discussed five reasons to remain invested despite volatility. But the truth is, there are many reasons to stay invested and avoid timing markets. Figure 1 illustrates a $10,000 investment in the S&P 500 in 1992. If that $10,000 stayed fully invested every day until 2021, the value would have grown to over $200,000 simply by the investor doing absolutely nothing! If the investor missed even just the market's 10 best days, the market value would have decreased by 54%.

Figure 1[ii]:



Bottom Line for Markets:

- Wall Street consensus S&P 500 12-month forward price target **is 4,727 or 25.7% return from close on September 22's close of 3,758.**[iiii]
- **Our year-end 2022 S&P 500 price target is 3,800 equating to a ~-20% fall from 2021.**

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i US Federal Reserve
ii Ned Davis
iii Bloomberg as of 9/22/22