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## Weekly Update

9/26/22

		<u>Last Week</u>	<u>YTD Returns</u>
Domestic Equities	S&P 500	-4.63%	-21.61%
International Developed	MSCI EAFE	-5.60%	-26.10%
Emerging Market	MSCI EM	-4.03%	-24.70%
Fixed Income	Bloomberg US Agg Bond	-1.56%	-13.75%

Index returns are from YCharts and are calculated on a total return basis, with dividends reinvested.

Stocks and bonds continued to decline last week as the fallout from the Fed's September meeting reverberated through markets. As expected, the Fed raised rates by 0.75% at the meeting. However, in light of persistently higher inflation data, expectations for steeper hikes through the remainder of the year were priced into markets. We are now expecting another 0.75% hike in November and 0.50% in December. This will put the Fed Fund rate at over 4% by the end of the year, with more modest increases expected in 2023. Other global central banks have responded by also raising rates. The US Dollar has strengthened significantly this year, mainly due to higher US rates, and as other countries also battle inflation, they now have currency concerns to consider. In the near term, we expect that markets will continue to adjust to higher rate expectations and we hold a cautious view toward both stocks and bonds. However, markets have sold off meaningfully in recent weeks, and if the selling continues, they will quickly reach oversold territory, which may set the stage for another short-term rebound.