

Hi {Firstname},

A hotter-than-expected inflation report sent stocks sharply lower last week as investors faced the prospect of more aggressive interest rate hikes by the Federal Reserve for perhaps a longer period.

The Dow Jones Industrial Average fell 4.13%, while the Standard & Poor's 500 lost 4.77%. The Nasdaq Composite index dropped 5.48% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, dipped 1.78%.<sup>1,2,3</sup>

## MARKET INSIGHTS



Market Index	Close	Week	Y-T-D
DJIA	30,822.42	-4.13%	-15.18%
NASDAQ	11,448.40	-5.48%	-26.82%
MSCI-EAFE	1,806.03	-1.78%	-22.69%
S&P 500	3,873.33	-4.77%	-18.73%



Treasury	Close	Week	Y-T-D
10-Year Note	3.45%	+0.12%	+1.93%

Sources: The Wall Street Journal, September 16, 2022; Treasury.gov, September 16, 2022. Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 Index, and NASDAQ Composite Index is measured from the close of trading on Friday, September 9, to Friday, September 16, close. Weekly performance for the MSCI-EAFE is measured from Friday, September 9, open to Thursday, September 15, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

### Inflation Deflates Markets

Stocks suffered their worst day in more than two years last Tuesday as markets were caught off-guard by a higher-than-anticipated August inflation report.

Markets expected the August report to show a substantial cooling of inflation, potentially allowing the Fed to ease up on interest rate hikes. Instead, the elevated inflation number not only undercut those easing hopes but raised the possibility of a more significant rate hike. On Tuesday, traders assigned a 28% probability of a 100 basis point hike, from a 0% chance just the day before. Price action remained choppy for the remainder of the week, closing the week with additional losses as a global package-delivery company warned of a worldwide recession.<sup>4</sup>

### August CPI Disappoints

August's Consumer Price Index (CPI) rose 8.3% from a year ago, showing a continued deceleration in price increases (July's CPI was 8.5%, and June's was 9.1%). Despite moderating price increases, traders were disappointed, given the general expectation of a more substantial slowdown in inflation.<sup>5</sup>

Core inflation (excluding food and energy) was particularly alarming to investors, which jumped 6.3% year-over-year. That number was well above the 5.9% rate from June and July. From the market's perspective, sufficient inflationary pressures exist for the Fed to maintain its hawkish interest rate policy for possibly longer than investors had hoped.<sup>6</sup>

### This Week: Key Economic Data

- Tuesday:** Housing Starts.
- Wednesday:** Federal Open Market Committee (FOMC) Meeting Announcement. Existing Home Sales.
- Thursday:** Index of Leading Economic Indicators. Jobless Claims.
- Friday:** Purchasing Managers' Index (PMI) Composite.

Source: Econoday, September 16, 2022. The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

### This Week: Companies Reporting Earnings

- Monday:** AutoZone, Inc. (AZO).
- Wednesday:** General Mills, Inc. (GIS).
- Thursday:** Costco Wholesale Corporation (COST), FedEx Corporation (FDX), Lennar Corporation (LEN).

Source: Zacks, September 16, 2022. Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

## FOOD FOR THOUGHT



"There is nothing in a caterpillar that tells you it's going to be a butterfly."  
**– Buckminster Fuller**

## TAX TIP



### How to Find Tax Help in Other Languages

The IRS currently translates important and helpful tax information in seven languages, including:

- Spanish
- Chinese (Traditional)
- Chinese (Simplified)
- Korean
- Russian
- Vietnamese
- Haitian Creole

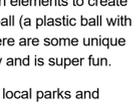
Some multilingual resources include The Taxpayer Bill of Rights, important filing information, e-file resources, forms and publications, and the IRS2Go mobile app.

For access to information in these languages, taxpayers can click on the English dropdown tab in the top menu bar on the IRS.gov home page. The dropdown will list the other languages a taxpayer can choose to view IRS.gov pages. In addition, the IRS also offers interpreter services in more than 350 languages.

\*This information is not intended to substitute for specific individualized tax advice. We suggest you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov<sup>7</sup>

## HEALTHY LIVING TIP



### What is Pickleball?

Pickleball has taken the world by storm, and for a good reason! The game is easy to play, it's great exercise, and you can play at many different levels.

Pickleball combines tennis, ping pong, and badminton elements to create an addicting and fun sport. To play, you hit a Wiffle ball (a plastic ball with holes) with a paddle on a badminton-sized court. There are some unique rules to pickleball, but overall, it has simple gameplay and is super fun.

If you want to start playing pickleball, check out your local parks and tennis courts! More and more areas offer open play, rec leagues, and lessons for players of all levels.

Tip adapted from USA Pickleball<sup>8</sup>

## WEEKLY RIDDLE



We all have one, and even though it often demands an answer, it offers no question. What is this everyday item?

Last week's riddle: *Gerald Ford was our 38th President, but he was actually the 37th man to take the job. Why was that? Riddle answer: Grover Cleveland was both the 22nd and 24th President of the U.S.; he served two non-consecutive terms.*

## PHOTO OF THE WEEK



Azenhas do Mar, Lisbon District, Portugal

## Footnotes and Sources

- The Wall Street Journal, September 16, 2022
- The Wall Street Journal, September 16, 2022
- The Wall Street Journal, September 16, 2022
- The Wall Street Journal, September 13, 2022
- The Wall Street Journal, September 13, 2022
- The Wall Street Journal, September 13, 2022
- IRS.gov, March 16, 2022
- USAPickleball.org, May 26, 2022

Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost.

The forecasts or forward-looking statements are based on assumptions, may not materialize, and are subject to revision without notice.

The market indexes discussed are unmanaged, and generally, considered representative of their respective markets. Index performance is not indicative of the past performance of a particular investment. Indexes do not incur management fees, costs, and expenses. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results.

The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

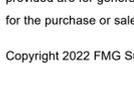
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International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

Please consult your financial professional for additional information.

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