

September 2022 recap – Stocks notch monthly declines amid a relentlessly *hawkish* Fed

U.S. stocks ended lower in September as investor sentiment turned gloomy. The S&P 500 fell 9.3% and notched a new 2022 low, while the Nasdaq Composite dropped 10.5%. The Dow shed 8.8% in its worst month since March 2020. Despite a darkening economic outlook, stocks posted one week of gains in the week ended September 9 as oversold conditions and depressed positioning buoyed risk appetite. However, the rally was short-lived, and hopes for a pivot to more *dovish* policy by the Federal Reserve (Fed) were dashed after August’s Consumer Price Index (CPI) report came in hotter-than-expected. The CPI unexpectedly rose 0.1% month-over-month and the headline figure remained elevated at 8.3%, well over the Fed’s target. On September 21, the Fed implemented its third-straight 75 basis point (0.75%) fed funds rate hike, bringing the benchmark rate to its highest level since 2008. In a press conference following the meeting, Fed Chair Jerome Powell stated they will continue to hike rates and maintain them for as long as necessary.

Treasury yields soared amid a relentlessly *hawkish* Fed, with the yield on the policy-sensitive two-year note hitting 4.35% on September 26, its highest level since 2007. On September 28, the yield on the 10-year note jumped to 4.01%, a level not seen since 2010. The yield on the benchmark note climbed 58 basis points (0.58%) this month, while the two-year note added 76 basis points (0.76%). The U.S. dollar hit a 20-year high against major currencies as investors flocked to the perceived safe-haven asset. The dollar’s strength pressured commodities, with West Texas Intermediate (WTI) crude at one point sliding to its lowest level since January despite tight supply conditions, while gold fell to its lowest point since April 2020. The U.S. housing market declined, with homebuilder sentiment falling for the ninth straight month and building permits falling to their lowest since April 2020. A measure of home prices saw its first monthly decline since 2012. The 30-year fixed-rate mortgage jumped to 6.70% as of September 29, its highest level since 2008.

Price and Total Returns

U.S. markets

Index	Close	September Price Return (%)	September Total Return (%)	Third Quarter Total Return (%)	2022 Total Return (%)*
S&P 500	3585.62	-9.34	-9.22	-4.89	-23.88
Dow Jones Industrial Average	28725.51	-8.84	-8.76	-6.17	-19.72
Nasdaq Composite	10575.62	-10.50	-10.44	-3.91	-31.99
S&P 400 Mid Cap	2203.53	-9.36	-9.19	-2.48	-21.54
S&P 600 Small Cap	1064.95	-10.05	-9.88	-5.21	-23.19

Source: Bloomberg. *All prices as of the close September 30, 2022. An index is unmanaged and not available for direct investment. Yields represent past performance and fluctuate with market conditions. Current yields may be higher or lower than those quoted above. **Past performance is no guarantee of future results.**

U.S. sector performance

Index	Close	September Price Return (%)	September Total Return (%)	Third Quarter Total Return (%)	2022 Total Return (%)*
Communications Services	162.01	-12.16	-12.15	-12.71	-39.04
Consumer Discretionary	1122.31	-8.09	-8.06	4.36	-29.89

Investment and Insurance Products: ➤ NOT FDIC Insured ➤ NO Bank Guarantee ➤ MAY Lose Value

Index	Close	September Price Return (%)	September Total Return (%)	Third Quarter Total Return (%)	2022 Total Return (%)*
Consumer Staples	695.78	-8.33	-7.99	-6.62	-11.83
Energy	552.56	-9.68	-9.45	2.16	34.49
Financials	504.39	-7.93	-7.76	-3.10	-21.25
Health Care	1411.36	-2.74	-2.60	-5.18	-13.08
Industrials	700.60	-10.56	-10.48	-4.72	-20.72
Information Technology	2079.85	-12.05	-12.01	-6.21	-31.44
Materials	427.77	-9.62	-9.35	-7.13	-23.75
Real Estate	225.94	-13.64	-13.15	-11.03	-28.93
Utilities	332.52	-11.55	-11.34	-5.99	-6.51

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International markets

Index	Close	September Price Return (%)	September Total Return (%)	Third Quarter Total Return (%)	2022 Total Return (%)*
U.K. FTSE 100	6893.81	-5.36	-5.23	-2.80	-3.78
Germany DAX	12114.36	-5.61	-5.61	-5.24	-23.74
France CAC 40	5762.34	-5.92	-5.80	-2.50	-17.12
Spain IBEX 35	7366.80	-6.59	-6.57	-8.27	-13.10
Italy FTSE MIB	20648.85	-4.22	-4.07	-2.45	-21.59
Greece ATHEX	792.90	-7.41	-7.34	-1.14	-9.52
MSCI Emerging Market	875.79	-11.90	-11.71	-11.46	-26.99
Shanghai Composite	3024.39	-5.55	-5.42	-9.66	-14.79
Japan Nikkei 225	25937.21	-7.67	-6.99	-0.94	-8.19
Hong Kong Hang Seng	17222.83	-13.69	-13.15	-20.13	-23.98
Brazil Bovespa	110036.80	0.47	0.47	11.66	4.97
Russia Micex	1957.31	-18.45	-18.24	-9.99	-46.87
India Sensex	57426.92	-3.54	-3.54	8.63	-0.34

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Treasuries

Maturity	September Ask Yields	August Historical Yields	July Historical Yields	June Historical Yields	May Historical Yields
2-Year	4.28	3.49	2.88	2.95	2.56
5-Year	4.09	3.35	2.68	3.04	2.82
10-Year	3.83	3.19	2.65	3.01	2.84
30-Year	3.78	3.29	3.01	3.18	3.05

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Municipal bonds

Maturity	Close	September Price Return (%)	August Price Return (%)	July Price Return (%)	2022 Price Return (%)*
S&P Municipal Bond Index	247.74	-3.63	-2.29	2.59	-11.50
S&P Muni Bond Long Intermediate	259.56	-3.58	-2.03	2.72	-10.97
S&P Muni Bond Intermediate	247.94	-3.31	-1.96	2.48	-10.12
S&P Muni Bond Short	174.16	-1.23	-1.05	0.85	-3.63
S&P Muni Bond Investment Grade	244.36	-3.43	-2.30	2.47	-11.17
S&P Muni Bond High Yield	303.71	-6.15	-2.12	4.08	-15.62
S&P Muni Bond General Obligation	237.51	-3.61	-2.39	2.59	-11.31

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Commodities

Front Month Futures	Close	September Price Return (%)	August Price Return (%)	July Price Return (%)	2022 Price Return (%)*
CRB Index	268.29	-7.62	-0.57	0.31	15.46
Oil/bbl	79.49	-11.23	-9.20	-6.75	5.69
Natural Gas	6.77	-25.87	10.91	51.71	81.39
Gold	1662.40	-3.17	-2.61	-2.46	-9.09
Silver	19.04	7.19	-12.06	-0.42	-18.47
Copper	341.25	-3.01	-1.54	-3.80	-23.55
Nickel	21012.00	-1.52	-9.55	4.14	0.66

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Foreign exchange

Currency	Close	September Price Return (%)	August Price Return (%)	July Price Return (%)	2022 Price Return (%)*
Dollar Index	112.12	3.14	2.64	1.16	17.19
Euro/USD	0.98	-2.51	-1.62	-2.52	-13.79
USD/Yen	144.74	4.16	4.27	-1.81	25.77
GBPound/USD	1.12	-3.89	-4.51	-0.06	-17.45
USD/CAD	1.38	5.32	2.62	-0.61	9.43
USD/Krona	11.09	4.03	4.97	-0.67	22.48
USD/Swiss Franc	0.99	0.97	2.64	-0.28	8.12

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Pricing as of market close on September 30, 2022, unless indicated otherwise.

All investing involves some degree of risk, whether it is associated with market volatility, purchasing power or a specific security. **Stocks** may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. **Bonds** are subject to interest rate, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. The **commodities** markets are considered speculative, carry substantial risks, and have experienced periods of extreme volatility. Investing in a volatile and uncertain commodities market may cause a portfolio to rapidly increase or decrease in value which may result in greater share price volatility.

Additional information available upon request.

Definitions

Brazil Bovespa Index is an index of about 50 stocks that are traded on the São Paulo Stock, Mercantile & Futures Exchange (Bovespa: Bolsa de Valores do Estado de São Paulo).

CRB (Commodity Research Bureau) Index measures the overall direction of commodity sectors. The CRB was designed to isolate and reveal the directional movement of prices in overall commodity trades.

DAX German Stock Index represents 30 of the largest and most liquid German companies traded on the Frankfurt Stock Exchange.

Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

France CAC 40 Index tracks the 40 largest French stocks based on market capitalization on the Paris Bourse (stock exchange).

FTSE 100 Index is an index that measures the performance of the shares of the 100 largest companies listed on the London Stock Exchange, sometimes referred to as the LSE. It measures the daily share price performance of those 100 firms.

Greece ATHEX Index is a capitalization-weighted index of Greek stocks listed on the Athens Stock Exchange.

Hong Kong Hang Seng Index is a market capitalization-weighted index of 40 of the largest companies that trade on the Hong Kong Exchange. The Hang Seng Index is maintained by a subsidiary of Hang Seng Bank, and has been published since 1969. The index aims to capture the leadership of the Hong Kong exchange, and covers approximately 65% of its total market capitalization.

India Sensex Index is a free-float market-weighted stock market index of 30 well-established and financially sound companies listed on Bombay Stock Exchange. The 30 component companies which are some of the largest and most actively traded stocks, are representative of various industrial sectors of the Indian economy.

Italy FTSE MIB Index is a capitalization-weighted index of consisting of the 40 most liquid and capitalized stocks listed on the Borsa Italiana.

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NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.

Nikkei 225 Index is the leading and most-respected index of Japanese stocks. It is a price-weighted index comprised of Japan's top 225 blue-chip companies on the Tokyo Stock Exchange. The Nikkei is equivalent to the Dow Jones Industrial Average Index in the U.S.

Russia Micex Index is cap-weighted composite index calculated based on prices of the 50 most liquid Russian stocks of the largest and dynamically developing Russian issuers presented on the Moscow Exchange.

S&P Midcap 400 Index is a capitalization-weighted index measuring the performance of the mid-range sector of the U.S. stock market, and represents approximately 7% of the total market value of U.S. equities.

S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

S&P 500 Communication Services Index comprises those companies included in the S&P 500 that are classified as members of the GICS® communication services sector.

S&P 500 Consumer Discretionary Index comprises those companies included in the S&P 500 that are classified as members of the GICS® consumer discretionary sector.

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S&P 500 Energy Index comprises those companies included in the S&P 500 that are classified as members of the GICS® energy sector.

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S&P 500 Information Technology Index comprises those companies included in the S&P 500 that are classified as members of the GICS® information technology sector.

S&P 500 Materials Index comprises those companies included in the S&P 500 that are classified as members of the GICS® materials sector.

S&P 500 Real Estate Index comprises those companies included in the S&P 500 that are classified as members of the GICS Real Estate sector.

S&P 500 Utilities Index comprises those companies included in the S&P 500 that are classified as members of the GICS utilities sector.

S&P 600 Index consists of 600 domestic stocks chosen for market size, liquidity (bid-asked spread, ownership, share turnover and number of no trade days) and industry group representation. It is a market value-weighted index (stock price times the number of shares outstanding), with each stock's weight in the index proportionate to its market value.

S&P Municipal Bond Index is a broad, market value-weighted index that seeks to measure the performance of the U.S. municipal bond market. All bonds in the index are exempt from U.S. federal income taxes or subject to the alternative minimum tax. The state level municipal bond indices consist of bonds that have been issued by municipalities or municipal authorities within the 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands.

S&P Municipal Bond General Obligation Index includes bonds from both the state and local municipality-secured general obligation sectors in the S&P Municipal Bond Index, a broad, market value-weighted index that seeks to measure the performance of the U.S. municipal bond market.

S&P Municipal Bond Intermediate Index consists of bonds in the S&P Municipal Bond Index with a minimum maturity of 3 years and a maximum maturity of 15 years. S&P Municipal Bond Index is a broad, market value-weighted index that seeks to measure the performance of the U.S. municipal bond market. All bonds in the index are exempt from U.S. federal income taxes or subject to the alternative minimum tax.

S&P Municipal Bond Investment Grade Index consists of bonds in the S&P Municipal Bond Index that are rated investment grade by Standard & Poor's, Moody's and/or Fitch.

S&P Municipal Bond High-Yield Index consists of bonds in the S&P Municipal Bond Index that are not rated or are rated below investment grade.

S&P Municipal Bond Long Intermediate Index consists of bonds in the S&P Municipal Bond Index with a minimum maturity of 5 years and a maximum maturity of 15 years.

S&P Municipal Bond Short Index consists of bonds in the S&P Municipal Bond Index with a minimum maturity of 6 months and a maximum maturity of 4 years.

Spain IBEX 35 Index is a market capitalization weighted index comprising the 35 most liquid Spanish stocks traded in the Madrid Stock Exchange General Index and is reviewed twice annually.

Shanghai Stock Exchange Composite Index is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

U.S. Dollar Index (USDIX) measures the value of the U.S. dollar relative to majority of its most significant trading partners. This index is similar to other trade-weighted indexes, which also use the exchange rates from the same major currencies.

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CAR-1022-00273