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Rising recession fears and uncertainty in the bond and currency markets sent stocks to new 2022 lows last week.

The Dow Jones Industrial Average declined 2.92%, while the Standard & Poor's 500 slumped 3.97%. The Nasdaq Composite index fell 3.89%. The MSCI EAFE index, which tracks developed overseas stock markets, lost 1.34%.[1,2,3]

Market Insights

Market Index	Close	Week	YTD
DJIA	28,725.51	-2.92%	-20.95%
NASDAQ	10,810.42	-3.89%	-30.44%
MSCI EAFE	1,855.21	-1.34%	-25.14%
S&P 500	3,585.62	-3.97%	-24.77%

	Treasury	Close	Week	YTD
	10-Year Note	3.83%	+0.14%	+2.21%

Sources: The Wall Street Journal, September 30, 2022; Treasury.gov, September 30, 2022
Indexes are unmanaged and cannot be purchased directly. Dow Jones Industrial Average (DJIA): Standard & Poor's Composite Index is measured from the close of trading on Friday, September 23, to Friday, September 30, close. Weekly performance for the MSCI EAFE is measured from Friday, September 23, open to Thursday, September 29, close. Weekly yield data for the 10-year Treasury note with semi-annual interest yields.

A Tumultuous Week

U.S. stocks were under pressure all week due to recession concerns and unsettled trading in the bond and currency markets. This stress followed economic steps out of the U.K. During the previous week, the Bank of England (BOE) raised interest rates, and its prime minister announced unfunded tax cuts that the markets interpreted as inflationary.

U.S. bond yields rose early last week, sending stocks lower until Wednesday's rally following news that the BOE would buy U.K. government bonds. U.S. stocks resumed their descent the following two days to close out a disappointing week, month, and third quarter.

The Bank of England Acts

Global bond and currency markets have been volatile recently due to global central bankers raising interest rates to combat inflation. Developments in the U.K. took center stage last week when the BOE announced it would be buying long-dated U.K. government bonds. Upending the financial markets was the previous week's announcement of U.K. tax cuts and other economic measures that the markets or investors viewed as counterproductive to the BOE's inflation fighting efforts.

The BOE's decision to begin temporary purchases of government bonds was well-received by capital markets, sending U.K. bond yields lower and boosting U.K. stock prices in the immediate aftermath.

This Week: Key Economic Data

Monday: Institute for Supply Management (ISM) Manufacturing Index.

Tuesday: Factory Orders. Job Openings and Labor Turnover Survey (JOLTS).

Wednesday: Automatic Data Processing (ADP) Employment Report. Institute for Supply Management (ISM) Services Index.

Thursday: Jobless Claims.

Friday: Employment Situation.

Source: Econoday, September 30, 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

Wednesday: Lamb Weston (LW).

Thursday: Constellation Brands, Inc. (STZ), McCormick & Company, Inc. (MKC), Conagra Brands (CAG).

Source: Zacks, September 30, 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 rescheduled when they report earnings without notice.

Food for Thought

"The trust of the innocent is the liar's most useful tool."

– Stephen King

Tax Tip

With Shared Custody, Taxes Can Get Complicated

If you have a legal agreement with your child's other parent regarding custody, you likely have questions about claiming the child on your tax return and what credits (if any) for which you are eligible.

It may help if you research the Child Tax Credit on well. The parent who claimed the Child Tax Credit for a qualifying child the previous year may have received the advance child tax credit payments the following year. That means that "an eligible parent who did not receive advance payments for a qualifying child will be able to claim the full amount of the child tax credit for that child on a 2022 tax return even if the other parent received advance child tax credit payments."

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

Tip adapted from IRS.gov[4]

Healthy Living Tip

Sneak in More Veggies with Mashed Cauliflower

Mashed potatoes are a classic side at any meal, but they can be calorie-dense and lack the nutritional value of other starchy or higher veggies. If you want a tasty and easy way to incorporate more veggies into your meals this year, try this simple mashed cauliflower recipe.

Ingredients

- 1 head of cauliflower
- 1 tbsp olive oil
- 2 garlic cloves (minced)
- 1-2 tsp of finely chopped herbs such as thyme, rosemary, sage, chives, etc.

Instructions

1. Trim the leaves off the cauliflower and cut the florets into smaller pieces. Rinse well.
2. Steam the cauliflower florets in a pot with a steamer insert for about 8-9 minutes.
3. While the cauliflower is steaming, heat the olive oil in a small pan over medium heat and add the minced garlic and cook until fragrant (about 1 minute).
4. Dump out the water from the pot and add the cauliflower, olive oil, garlic, and chopped herbs.
5. Use a potato masher to mash the cauliflower and combine everything.

Tip adapted from GreenMyRecipe[5]

Weekly Riddle

Seven people stand in a square room which measures 30' x 30'. Each one can see the entire room and everyone in it without making any physical movement (aside from eye movement). Where inside this room can you place an apple so that all but one person can see it?

Last week's riddle: Alexandra's mom had four children. The first one was named May, the second was named June, and the third was named August. What was the fourth child's name? Riddle Answer: Alexandra

Photo of the Week

Kirkjufell Mountain, Reykjavik, Iceland

Footnotes and Sources

1. The Wall Street Journal, September 30, 2022
2. The Wall Street Journal, September 30, 2022
3. The Wall Street Journal, September 30, 2022
4. IRS.gov, February 23, 2022
5. GreenMyRecipe.com, June 1, 2020

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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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