**Weekly Market Commentary |   
October 31, 2022**

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**10.31.2022**

**The Markets**

Some companies are doing better than others – a lot better.

It’s earnings season; the time when companies share how well they performed during the previous quarter. Earnings reports are important because they provide information about a company’s financial health. Shareholders pay particular attention to earnings, which are company profits after expenses have been subtracted.

At the end of last week, slightly more than half of the companies in the Standard & Poor’s (S&P) 500 Index had reported results for the third quarter of 2022. The blended earnings growth rate\* for the S&P 500 was 4.1 percent, year-over-year, according to I/B/E/S data from Refinitiv.

The worst performing sector was communication services, which includes some big technology names. Earnings for the sector were down 20.9 percent for the third quarter.At the other end of the spectrum was the energy sector with year-over-year earnings growth of about 136 percent. The sector was led by big oil companies, some of which posted record profits, reported Sabrina Valle and Ron Bousso of *Reuters*.

The weaker performance of technology companies helps explain why the Dow Jones Industrial Average (Dow), an index that includes some of the nation’s large blue-chip companies, has outperformed the Nasdaq Composite Index, which reflects the performance of the technology sector, recently, reported Ben Levisohn of *Barron’s*.

“And what a four weeks it has been. The Dow has jumped 14.4% in October and is on pace for its best month since January 1976, when the blue-chip benchmark surged 14.41%. The other indexes have fallen short of those gains: The Russell 2000…has climbed 11%, the S&P 500 has gained 8.8%, and the Nasdaq Composite has risen a paltry 5%.”

Investors were also encouraged by last week’s economic data. The Personal Consumption Expenditure Price Index (PCE), which is the Federal Reserve’s favored measure of inflation, “…increased 4.2 percent [in the third quarter], compared with an increase of 7.3 percent [in the second quarter]. Excluding food and energy prices, the PCE price index increased 4.5 percent [in the third quarter], compared with an increase of 4.7 percent [in the second quarter].”

Investors hope evidence that price increases are not accelerating will cause the Fed to reevaluate the pace of rate hikes, reported Jacob Sonenshine and Jack Denton of *Barron’s*.

While recent stock market gains have been a respite for investors, corporate earnings are not as strong as the top line numbers suggest. When the energy sector is excluded, the blended corporate earnings rate was down 3.5 percent for the third quarter.

Last week, major U.S. stock indices rose, and yields for many maturities of U.S. Treasury moved lower.

*\*The blended rate combines actual earnings/profits for companies that have reported with consensus estimates for companies that haven’t yet reported.*

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| **Data as of 10/28/22** | **1-Week** | **Y-T-D** | **1-Year** | **3-Year** | **5-Year** | **10-Year** |
| Standard & Poor's 500 Index | 4.0% | -18.2% | -15.1% | 8.7% | 8.7% | 10.7% |
| Dow Jones Global ex-U.S. Index | 2.3 | -26.5 | -27.9 | -3.7 | -2.9 | 1.2 |
| 10-year Treasury Note (yield only) | 4.0 | N/A | 1.6 | 1.9 | 2.4 | 1.7 |
| Gold (per ounce) | 0.3 | -9.5 | -8.6 | 3.5 | 5.3 | -0.4 |
| Bloomberg Commodity Index | 0.4 | 12.7 | 7.2 | 12.0 | 5.3 | -2.5 |

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

**NEW RETIREMENT CONTRIBUTION LIMITS FOR 2023** The Internal Revenue Service has released new limits for the coming year. After months of high inflation and financial uncertainty, some of these cost-of-living-based adjustments have reached near-record levels.

**Individual Retirement Accounts (IRAs)**  
IRA contribution limits are up $500 in 2023 to $6,500. Catch-up contributions for those over age 50 remain at $1,000, bringing the total limit to $7,500.

**Roth IRAs**  
The income phase-out range for Roth IRA contributions increases to $138,000-$153,000 for single filers and heads of household, a $9,000 increase. For married couples filing jointly, phase-out will be $218,000 to $228,000, a $14,000 increase. Married individuals filing separately see their phase-out range remain at $0-10,000.

**Workplace Retirement Accounts**  
Those with 401(k), 403(b), 457 plans, and similar accounts will see a $2,000 increase for 2023, the limit rising to $22,500. Those aged 50 and older will now have the ability to contribute an extra $7,500, bringing their total limit to $30,000.

**SIMPLE Accounts**  
A $1,500 increase in limits for 2023 gives individuals contributing to this incentive match plan a $15,500 stop light.

**Other Changes**  
In addition to changes in contributions limits, the IRS also announced several other changes for 2023, including an increase to the annual exclusion for gifts to $17,000 per person and an increase to the estate tax exclusion threshold.

Keep in mind that we provide updates for informational purposes only, so consult with your tax professional before making any changes in anticipation of the new 2023 levels. You can also contact our offices, and we can provide you with information about the pending changes.

**Weekly Focus – Think About It**

“Economics is extremely useful as a form of employment for economists.”

*—John Kenneth Galbraith, economist*

Best regards,

Adam B. Hartung

P.S.  Please feel free to forward this commentary to family, friends or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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\* This newsletter was prepared by Carson Coaching. Carson Coaching is not affiliated with the named firm or broker/dealer.

\* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.  However, the value of fund shares is not guaranteed and will fluctuate.

\* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

\* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

\* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client’s portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

\* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

\* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

\* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM.

\* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

\* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

\* The Dow Jones Industrial Average (DJIA), commonly known as “The Dow,” is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.

\* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.

\* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

\* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

\* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

\* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

\* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

\* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

\* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.

\* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

\* Asset allocation does not ensure a profit or protect against a loss.

\* Consult your financial professional before making any investment decision.

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