



# MOE'S MARKET WRAP MINUTE

## WEEK OF SEPTEMBER 13, 2022

### MOE'S MARKET MENTIONS

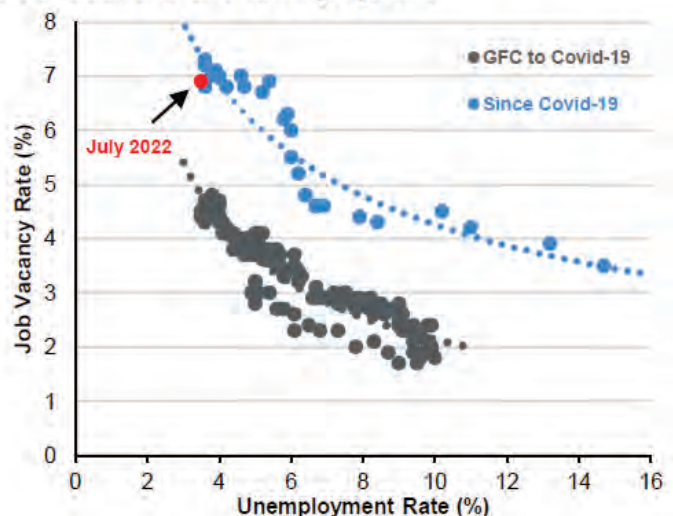
- Last week the S&P500 held the May lows around 3900 and has since rallied. The high yield bond market also re-tested its June lows and has rebounded. Technically this is a positive development for the market and might signal a bottom process for a continued upside run into the later part of this year.
- Market observers are starting to price in the effects of the upcoming mid-term election. According to the Economist's election model, the Democrats gave a 76% chance of holding the Senate and the Republicans a 74% chance of taking the House. If this forecast were to hold, it would imply a split party government which traditionally has been neutral to bullish for the market. In addition, the market has typically experienced drawdowns in mid-term election years that may turn out to be attractive buying opportunities.

Combining the two points above, we might be in the early stages of more market upside. Ultimately the size of the upside move may be determined by the US Fed's monetary tightening terminal point which unfortunately won't be known until headline inflation is below 5%, thus early 2023 at the earliest. Till that time, we expect continued volatility and a sideways trending market.

### CHART OF THE WEEK

This week's chart is the Beveridge Curve which is the relationship between job vacancies and unemployment. This is a key chart to watch as employment data is reported over the coming months. Due to the shift in the curve during the pandemic, the US Fed believes that job vacancies could fall while not increasing the unemployment rate and the probability of recession. If this were to happen, we have a higher chance of a soft landing versus a recession.

Job vacancies and unemployment



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**Moez Ansari** is the President, Chief Investment Officer, and founder of Compak Asset Management. With over 35 years of investment experience, Moez evaluates the markets using industry-leading technical and fundamental analysis.

His professional experience includes options trading, portfolio optimization, futures trading, mutual fund selection modeling and financial risk management. He is a nationally sought speaker and has conducted numerous financial seminars since the 1980s.

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