



MOE'S MARKET WRAP MINUTE

WEEK OF **SEPTEMBER 20, 2022**

MOE'S MARKET MENTIONS

- Last week's inflation report came in hotter than expected and the market reacted negatively to the news. While not the inflation data that will lead to a calmer market, indicators still due point to possibly a lower inflation environment on the horizon. The key inflation sector to watch is shelter and with the recent US Fed rate increases and corresponding rise in medium to long-term interest rates, the delayed effect of these increases could start to show up in the data in the coming months. We do expect the US Fed to raise interest rates another 0.75% on Wednesday, Sept 21st, but that increase is already priced into the bond yields and stock market.
- During times of stock market volatility, it is often beneficial to look at bond market indicators to get a sense of where the economy is headed. Interestingly, the credit spreads on high yield bonds have come down since June. So, while interest rates have risen since August, the lack of widening in credit spreads signals that the bond market is not as concerned about the risk in high yield debt issuing companies. Since these weak balance sheet companies tend to do poorly in a recessionary environment, the lack of an increase the high yield credit spreads does look like a positive signal from the market regarding a major recession not necessarily on the horizon.

CHART OF THE WEEK

This week's chart is the year-to-date chart of the US Treasury 10 Year Yield. Yields have risen at a rapid pace since their recent lows in August. The yield hit a high of 3.48% on June 14th and as of September 19th is retesting that high at 3.51%. If the rates were to hold at this resistance point and start to decline, the stock market could find some upside momentum headed into the end of this year. The 10-year yield projections could be as high as 4% which while it higher than today's levels, the majority of the move higher in interest rates is possibly behind us and could lead to a calmer investment environment going forward.



UPCOMING EVENTS - REGISTER AT COMPAK.COM/SEMINARS

September 27 SAN JOSE MARKET UPDATE SEMINAR

October 8 COTO DE CAZA MARKET UPDATE SEMINAR

October 11 SCOTTSDALE MARKET UPDATE SEMINAR

November 2 COMPAK MARKET UPDATE WEBINAR

LISTEN TO MOE EVERY DAY @ www.MARKETWRAPWITHMOE.com

CONTACT
COMPAK ASSET MANAGEMENT
TO SCHEDULE A STRATEGY SESSION

1801 Dove Street
Newport Beach, CA 92660
(800) 388-9700
www.Compak.com



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.

This document contains the current views and opinions of Moez Ansari, Chief Investment Officer of Compak Asset Management, a registered investment adviser. The views expressed are current only as of the date of this document and are subject to change. While the information above is obtained from reliable sources, we do not guarantee its accuracy. Nothing in this document should be considered investment advice, and nothing is personalized to any investor's individual circumstances.

We use terminology associated with technical analysis, and provide charts to illustrate some of the concepts discussed. Technical analysis is a security analysis method with the goal of forecasting the direction of prices of securities or market indices, through the study of past market data, primarily price and volume. In no event is past performance a guarantee of future performance.

We make no assurance that past performance or the use of technical analysis will accurately predict future prices. Further, a risk of technical analysis is that over-focus on historical patterns could lead to ignoring or down-playing security-specific concerns, overall market or sector concerns, or other factors, because we assume inaccurately the historical patterns will repeat themselves.

Compak Asset Management offers investment advice only after entering into an investment advisory agreement and gathering client-specific information about goals, objectives, financial status, and risk tolerance. Please visit www.compak.com/formcrs for more information.