ASK THE **ADVISERS**

The views and opinions expressed in “Ask the Advisers” are solely those of Keith Singer.

Singer Wealth

Keith Singer, JD CFP™

Keith Singer

Singer Wealth

2 Locations:
1515 S. Federal Highway, #211,
Boca Raton, FL 33432

20900 NE 30th Avenue,
Suite 600, Aventura, FL 33180

Phone: 561-998-9985

Website: www.singerwealth.com

Email: Keith@singerwealth.com

September Swoon

Since 1928, the S&P 500 has averaged negative 1.1% returns during the month of September. Since 1896, the Dow Jones Industrial Average has averaged -.96% in September. Negative 1.1% may not seem so bad but considering stocks have averaged over .80% for the rest of the months that is a big discrepancy.

This year, there are some other ominous trends which are adding to the September uncertainty. Historically when the S&P 500 was up over 13% throughout the first six months, the S&P 500 was up 1.4% on the average in September. Since that was clearly not the case for the first six months of 2022, when we remove those positive September months from the equation it gets even worse.

Although the stock market was down big the first six months of 2022, stocks have rebounded off their lows with the major indexes staging double-digit rallies from their June lows through their August tops. There were signs that inflation was starting to diminish, which opened the possibility that the Federal Reserve would slow down rate hikes. But now investors are not so optimistic.

The Fed’s Jerome Powell basically told investors in late August there would be no slowing of rate hikes and quantitative tightening until inflation is tamed. The probability of a three-quarter-point interest rate hike in September has increased with a half-point raise now seen as less likely.

That has brought borrowing costs higher in the past several weeks, which threatens to slow down consumer and business spending. Lower spending would drag down corporate earnings. Stocks increase or decrease based on a multiple of earnings, and if corporate earnings fall, stocks prices will fall as well.

If you are still working and periodically adding to your investment portfolio, short term volatility should be relatively inconsequential. However, if you are in or near retirement you need to be careful to avoid over exposure to stocks because if we get a prolonged downturn that could undermine your financial security and the success of your retirement plan.

Source: Barron’s