



Market Update

Presented by the Business Finance Association

Fed again hikes interest rates by 75 basis points in aggressive bid to fight inflation

<https://www.bnnbloomberg.ca/u-s-fed-delivers-third-straight-big-hike-sees-more-increases-ahead-1.1821812>

For the third consecutive time, the U.S. Federal Reserve has raised interest rates by 0.75% as they continue to fight historically elevated levels of inflation. This rate hike from the central bank brings the federal funds rate to a new range of 3.0% to 3.25%, which is at its highest level since 2008. Given this announcement on Wednesday, we saw stocks turn negative, falling to new lows shortly after the press conference ended. Federal reserve officials are expecting to raise rates higher than before and maintain them at that level for longer. Fed officials are seeing rates rising to 4.4% by the end of this year and at 4.6% by the end of 2023.



U.S. home sales decrease for 7th straight month

<https://www.bnnbloomberg.ca/us-sales-of-previously-owned-homes-decline-for-a-seventh-month-1.1821712>

Previously owned U.S. home sales fell for the seventh month in a row in August, as rising mortgage rates have eroded affordability and pushed up the minimum income to qualify for a mortgage. This string of declines and weakness in the housing market is the longest and the most significant since the crash of 2007. Soaring financing costs and wage uncertainty have swatted away potential buyers. However, economists are forecasting a modest pullback in housing prices due to continued low inventory. Currently, the average rate of a 30-year fixed mortgage has risen to 6.25%, the highest in 14 years and more than double what it was last year.

U.S. Pre-Owned Home Sales (000)



European gas prices continue volatility

<https://www.bnnbloomberg.ca/european-gas-prices-swing-as-eu-ministers-meet-to-contain-crisis-1.1826099>

European Ministers met for a second emergency meeting this month to help contain the continued energy shortages. The price of Dutch gas has soared over the previous 6 months due to decreased imports of Russian energy, and further political instability threatens another cut in import capacity. As a result, European nations have implored a variety of solutions including sourcing overseas gas, energy rationing, and windfall profit taxes on energy firms. It is estimated that European citizens may have to cut their energy consumption by 15% come winter to deal with the shortages.



Business openings drop by 50 percent as recession looms

<https://ca.finance.yahoo.com/news/business-openings-drop-50-per-171446084.html>

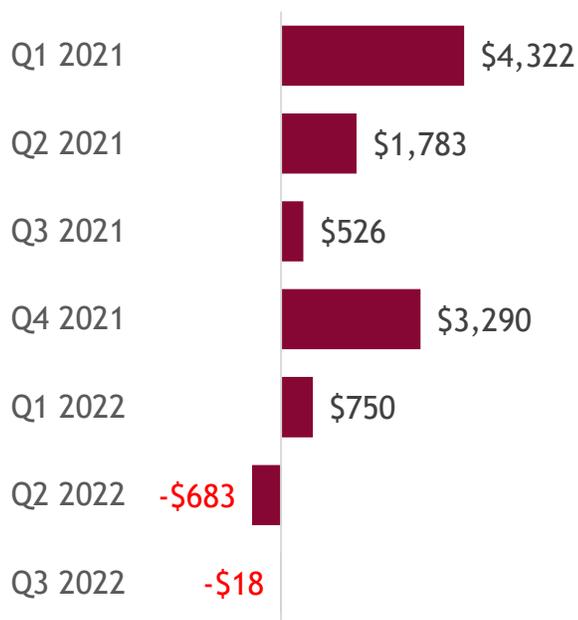
In the second quarter of 2022 new business openings were down almost 50% compared to a year ago. This marks a shift from the optimistic sentiment last year when consumers and businesses benefited from reopening demand and loose monetary policy. Typically, the second quarter has a large uptick in business openings as the economy gear up for a busy summer, which did not hold true this year. Lower business openings have shown a sense of pessimism in the overall economy, especially given the hawkish policy of Central Banks.

Outflow from crypto ETFs drop 97% as fears ease

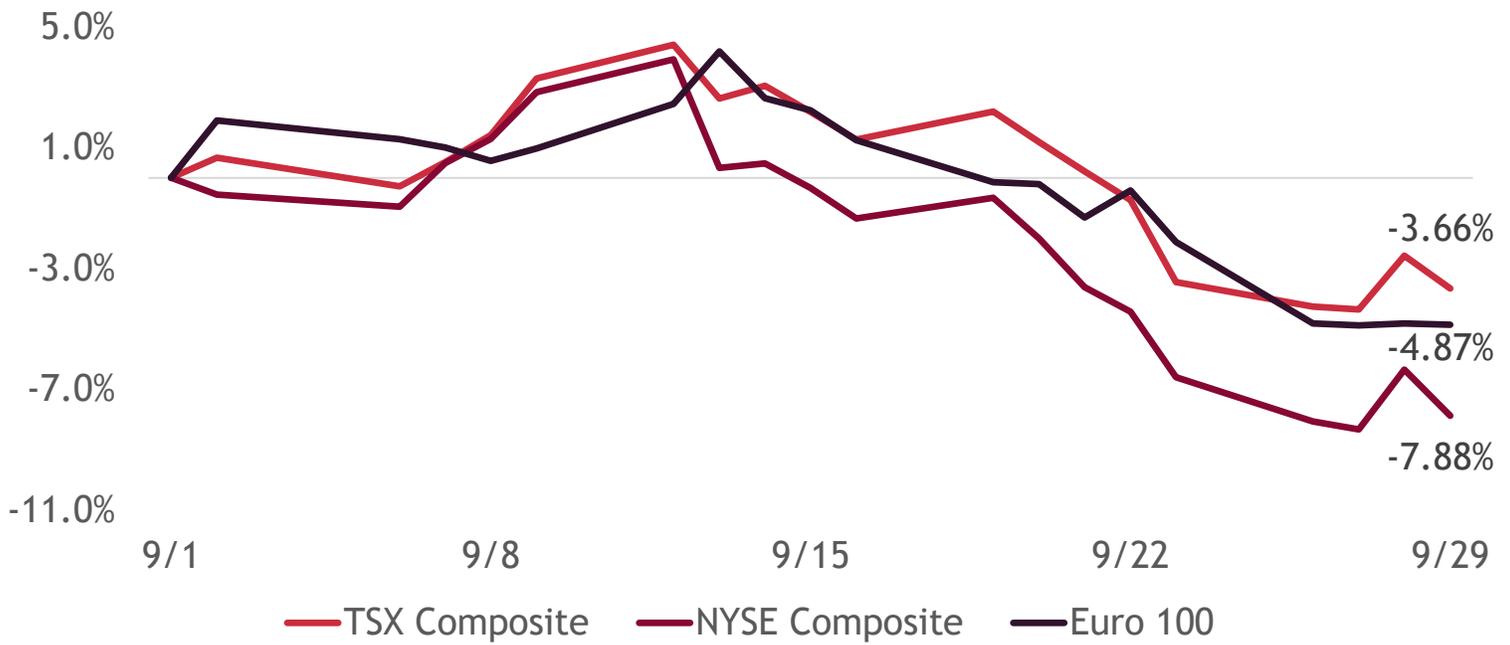
<https://www.bnnbloomberg.ca/crypto-etf-outflows-drop-97-as-get-me-out-rush-eases-1.1826294>

Investor outflows from crypto-related ETF funds in Q3 have dropped substantially, a positive sign for the battered asset class. Total funds withdrawn in Q3 totaled just US\$17.6MM, compared with a US\$ 683.4MM drop in Q2. Crypto was among the hardest hit asset classes as recession fears took over in early 2022 but slowing outflows and less volatility in pricing point to a bottoming out market. Crypto sentiment may also be aided by the Ethereum merge which took place in September.

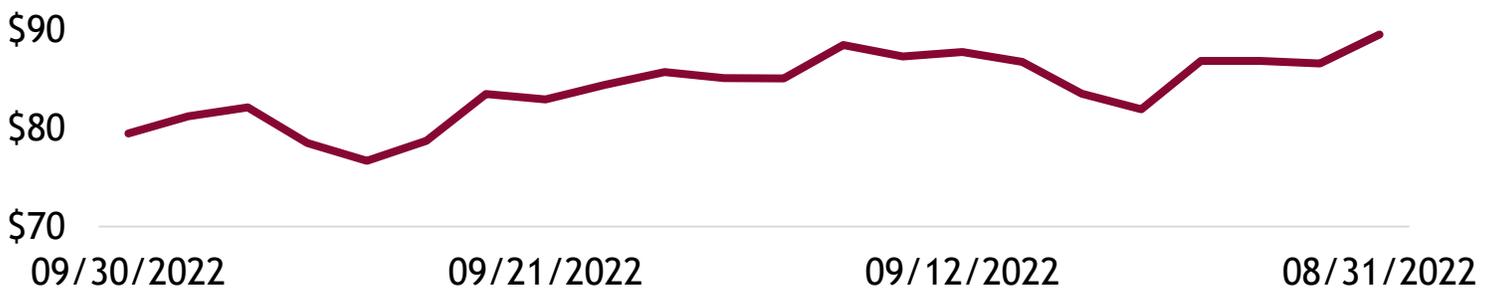
Crypto ETF Net Flows \$USMM



September Index Performance



September WTI Price Performance (\$US/bbl)



September 10 Year Treasury Yields

