

THE LUCK FINANCIAL GROUP

## Darren's take on things November 2022

*"It's always darkest just before dawn"*

—Thomas Fuller

In my September note, many readers were surprised that despite all the doom, gloom, with the S&P500 down 25% in 2022 year-to-date, I expressed some optimism by predicting that markets might actually rebound. Rebound ... he said what?

Rebound they did. The Dow Jones Industrial Average gained 13.95% for the month of October, which is its 13<sup>th</sup> best month ever and the best month in 45 years! Who saw that coming? Truth be told, I didn't expect a record month. However, studying history, charting the data and ignoring the mainstream media is a good place to start. Was October 12 a market bottom? Maybe, maybe not. Despite being a self-proclaimed market junkie, fortunately it doesn't really matter with the Income Accelerator investment process, to which 2022 is testament.

This past week, the US Federal Reserve (Fed) raised interest rates for the fourth consecutive time in an effort to curb 40-year high inflation, which is currently running above 8%. It is the sixth overall rate hike this year and part of the Fed's most aggressive initiative since 1980.

The increase brings up the Fed's benchmark federal funds rate from near zero in March to a range of 3.75%-4%—the highest in 15 years. The rate sets what banks charge each other for overnight loans and affects borrowing costs for consumers, including for mortgages, auto loans and credit cards.

Meanwhile, the Bank of Canada (BOC) raised its interest rate by 50 basis points to **3.75%**. This is the sixth consecutive increase the BOC had initiated since March 2022. In their statement, the BOC said, "Quantitative tightening continues and is complementing increases in the policy rate. We also expect our policy rate will need to rise further."

It's not what everyone knows is going to happen that moves markets. By the time it happens, it's old news. What we do know is that markets rarely do what most people expect. Perhaps we just need to get used to expecting the unexpected and do the opposite. Mic drop.

Sincerely,

*Darren*

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Sources:

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