Good morning!

US stock market investors may have been ready for the Fed's 0.75 percentage point rate hike last week, *but they apparently weren't ready for the flurry of other central banks to follow suit*. Within 24 hours of the Fed's move (its 3rd rate hike this year and its largest increase since 1994), central banks in Switzerland, Britain, Brazil and Saudi Arabia acted for the same reason as the US – to bring down the spending demand of consumers in their respective countries. Their fear is our fear – will the "medicine" (i.e., the rate hikes) be so successful in slowing down the economies around the world (to get prices under control) that the "patient" ends up in hospital (i.e., a recession) (source: BTN Research).

Concerns about how high the Federal Reserve will have to raise interest rates *pushed the S&P 500 into "bear" territory last week*. The low close came on Thursday 6/16/2022 when the index finished at 3667, down 23.6% from its all-time closing high of 4797 set on the first trading day of this year (1/03/2022). Crossing the "20% down" level qualifies the tumble as the stock index's 11th "bear" since 1950 but its 2nd since the start of the global pandemic in the 1st quarter of 2020 (source: BTN Research).

So what happened after the previous bears? After each of the 10 "bear" markets that occurred between 1950 and 2021, *the S&P 500 recovered and eventually achieved a new all-time closing high*. The average length of time it took to retrace its steps from a "bear" market low to a new closing high was 25 ½ months or more than 2 years. The quickest recovery for stocks took place over just 3 months (in 1982) while the longest recovery took 70 months or nearly 6 years (between 1974-1980) (source: BTN Research).

Notable Numbers for the Week:

1. ***WOW*** - The yield on the **10-year Treasury note** has more than **doubled YTD**, rising from **1.496%** as of the close of trading on 12/31/2021 to **3.222%** as of the close of trading on 6/17/2022. Over the **last 60 years** (1962-2021), the yield on the 10-year note **has never doubled** over the course of a calendar year (source: Treasury Department).

2. ***BORROWING FOR DIFFERENT REASONS*** - Mortgages that were originated during the **1st quarter of 2022** were split between 53% for borrowers who were **refinancing an existing debt** and 47% for borrowers who were **purchasing a home** (source: Attom Solutions).

3. ***GOING DIGITAL*** - The **weekday daily circulation** of **US newspapers** has fallen 57% over the **2 decades** between 2000 (**55.8 million**) and 2020 (**24.2 million**) (source: Census Bureau).

4. ***THIS IS NUTS*** - **36% of US households** making **at least $250,000 a year** in **before-tax income** are living "**paycheck-to-paycheck**" (source: Pymnts.com, LendingClub).

06/21/2022 Tuesday