

The Flyer



March 2022 Edition

Greetings!

March brought some relief to a rocky 2022. The Fed raised interest rates by 0.25% for the first time since 2018. The stock market responded by stabilizing, while the bond market continued its route south.

The move also brought the 30-year mortgage rate to a three-year high (currently averaging 4.42%), and you should expect higher rates on car loans and credit cards. The Fed Chair Jerome Powell announced more hikes this year and next, so watch out for rates to continue their climb as the Fed tries to stamp out inflation.

Meanwhile, interest rates on money market funds and high yield savings accounts stay anemic. Given high deposit rates, banks are not feeling any pressure to raise their savings interest rates anytime soon.

If you have large cash holdings, it's a great time to consider investing in a brokerage account, which allows you to take advantage of the increased interest rates in short-term Treasuries, or a more aggressive approach for longer time horizons.

In firm news, Team Propel had a great time hosting our first webinar of 2022. We plan to host a few more this year; definitely reach out and let us know if you are interested in learning more about a specific topic.

David, Amanda, Danielle and Emily at Team Propel



Caution: Bumps Ahead

Historically, the second and third quarters of a midterm election year, i.e., the second year of a President's term, bring the greatest volatility to stock markets. The good news? After the election, markets tend to see record gains.



Please keep in mind that these are historical averages, and past performance is no guarantee of future results.

Let's look at the numbers.

Midterm Years See A Large Pullback, But Returns A Year Later Are Great

S&P 500 Index Pullbacks During A Midterm Year

Year	Date of Low	S&P 500 Index Return	
		Intra-Year Pullback	Return Year Later
1950	7/17/1950	-14.0%	30.9%
1954	8/31/1954	-4.4%	43.9%
1958	2/25/1958	-4.4%	36.3%
1962	6/26/1962	-26.4%	32.7%
1966	10/7/1966	-22.2%	33.2%
1970	5/26/1970	-25.9%	44.5%
1974	10/3/1974	-37.6%	34.6%
1978	11/14/1978	-13.6%	11.3%
1982	8/12/1982	-16.6%	57.7%
1986	9/29/1986	-9.4%	40.6%
1990	10/11/1990	-19.9%	28.8%
1994	4/4/1994	-8.9%	14.3%
1998	8/31/1998	-19.3%	37.9%
2002	10/9/2002	-33.8%	33.7%
2006	6/13/2006	-7.7%	24.5%
2010	7/2/2010	-16.0%	31.0%
2014	10/15/2014	-7.4%	8.7%
2018	12/24/2018	-19.8%	37.1%
2022	3/7/2022	-12.4%	?
Average		-17.1%	32.3%
Median		-16.3%	33.5%

Source: LPL Research, FactSet 03/07/2022

All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

The modern design of the S&P 500 Index was first launched in 1957. Performance before then incorporates the performance of its predecessor index, the S&P 90.

As you can see, since 1950, the second year of a President's term brings some big negative swings in the S&P 500 (an index of the 500 largest US companies).

Why?

The stock market thrives on stability. When there is a large unknown, such as the outcome of an election, we see skittish behavior. Once the election is over, the uncertainty resolves and the stock market rewards the certainty by posting large returns a year later.

What should you do?

At our recent webinar, advisor Danielle Woods walked through several strategies you can take advantage of when the market flounders. Among them? Take advantage of a buying opportunity, or optimize your tax planning with tax loss harvesting.

Propel can help you decide on which path is best for your unique situation.

The information in this email is for educational purposes only and is not investment advice.

Market Swings in Mid-Term Election Years: Excerpt from Our Recent Webinar



In this short clip, advisor Amanda Vaught discusses the volatility commonly seen in the stock market during midterm election years.

You may also [view the entire webinar](#) on our YouTube Channel.

Why We Don't Think of Home-Buying as an Investment

In our latest podcast episode of Connecting the Dollars, Emily & Amanda [discuss the pros and cons of buying residential real estate](#).

The residential housing market has been on fire for the past year or two. For example, the typical number of homes on the market in January is 1 million, but in January of 2022, only 284,000 were available. This incredible strain on supply, coupled with high demand and low interest rates, has sent home prices higher and higher.

Moving forward, we expect interest rates to continue to rise. How will this impact the average home price? Residential real estate tends to behave like a bond - when rates go up, prices go down. (Although [this recent article](#) shows that currently home prices and interest rates are soaring at the same time.)

The vast majority of people can do better by putting more money into an investment portfolio than into a home, if they dedicate themselves to making regular monthly contributions.



In Celebration of Women's History Month



Decades before they could vote, white women had their own stock brokerage.

**A WOMAN'S ABILITY
TO EARN MONEY IS
BETTER
PROTECTION
AGAINST THE
TYRANNY AND
BRUTALITY OF MEN
THAN HER ABILITY
TO VOTE.**



Victoria Woodhull, Founder of the first female-owned
American stock brokerage
19th century



Virginia Woodhull, along with her sister Tennessee (Tennie) Claflin, started the first woman-owned brokerage firm in the country in 1870. Largely regarded as a joke at the time, the sisters went on to make a fortune.

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