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Market Update: Despite Adversity, Job Growth Remains Strong

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Economic Update

Interest rates rise, inflation persists, Ukraine and Russia remain in conflict, and yet job growth and production remain strong!

JOBS: All eyes were on the October 7 jobs report as non-farm payrolls increased by 263,000 and the unemployment rate fell to 3.5%, tying the lowest level since 1969. So far in 2022, average monthly payrolls are up 420,000. Additionally, the data showed that people voluntarily leaving their jobs reached 15.9%, the highest level since 1990—typically, employees aren't quick to leave unless they think they have better prospects.

PRODUCTION: Earlier in the week, the Institute of Supply Management (ISM) Manufacturing and Services Purchasing Managers' Index (PMI) data was released. Manufacturing declined to 50.9, however being over 50 means it's still in expansion territory. Services, which make up a larger portion of the economy in the U.S., came in at a strong 56.7. Both metrics have stayed above the key 50 mark since the COVID crash in 2020.

BOTTOM LINE: Despite the headwinds, the U.S. economy appears to be on stable footing and the above data would suggest that we are not in a recession.

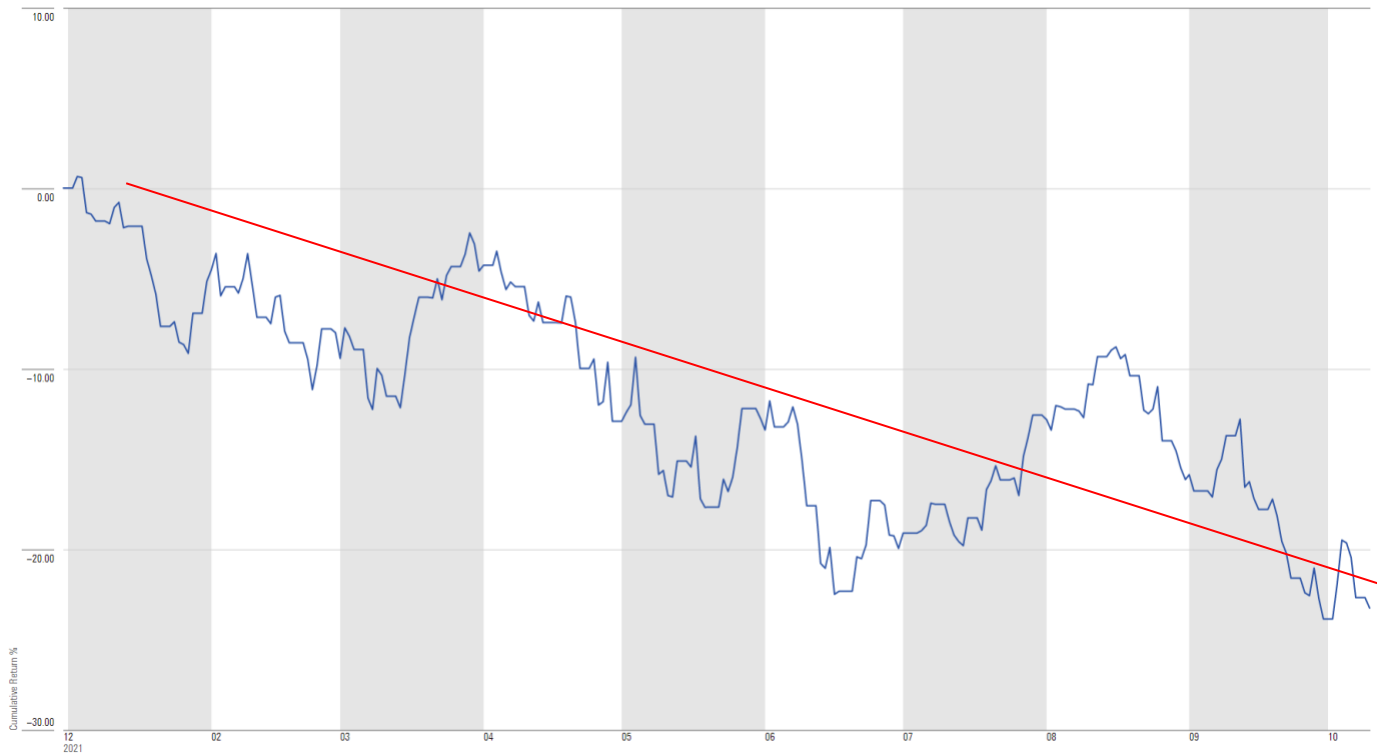
See the Forest Through the Trees

Market performance this year looks bad, but does the picture change when we take a step back and look at a broader view? We don't have to go far back—let's say three years—to see what stands out:

1. Looking at the chart on pg. 2, "The Trees," the stock market is in bear territory this year, down more than 20% and has generally trended down—not a pretty picture.
2. Zooming out with the chart on pg. 3, "The Forest," the market is currently at the same level as the start of 2021. So, we have simply given back what we earned last year.
3. Lastly, let's not forget that 2020 was a pretty good year for the market despite the COVID crash. Add it all together and we're actually up close to 30%—a great looking picture!

THE TREES

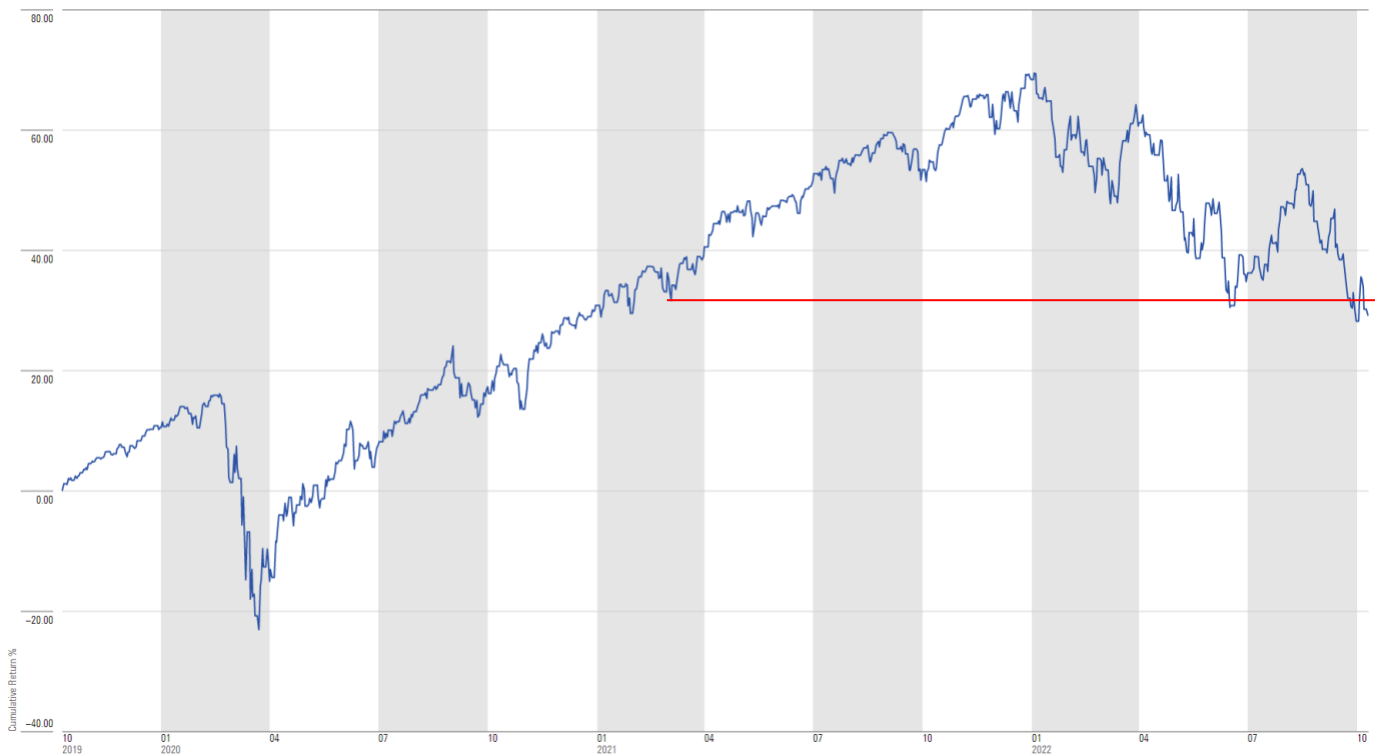
S&P 500 YTD 2022 Return Through 10-10-2022 (-23.26%)



Source: Morningstar Direct. S&P 500 TR USD 01/01/2022-10/10/2022. Past performance is no guarantee of future results.

THE FOREST

S&P 500 3-Year Return Through 10-10-2022 (+29.13%)



Source: Morningstar Direct. S&P 500 TR USD 10/11/2019-10/10/2022. Past performance is no guarantee of future results.

As always, Dynamic recommends staying balanced, diversified and invested. Despite short-term market pullbacks, it's more important than ever to focus on the long-term, improving the chances for investors to reach their goals. Should you need help navigating client concerns, don't hesitate to reach out to Dynamic's Investment Management team at (877) 257-3840, ext. 4 or investmentmanagement@dynamicadvisorsolutions.com.

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