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Whiplash

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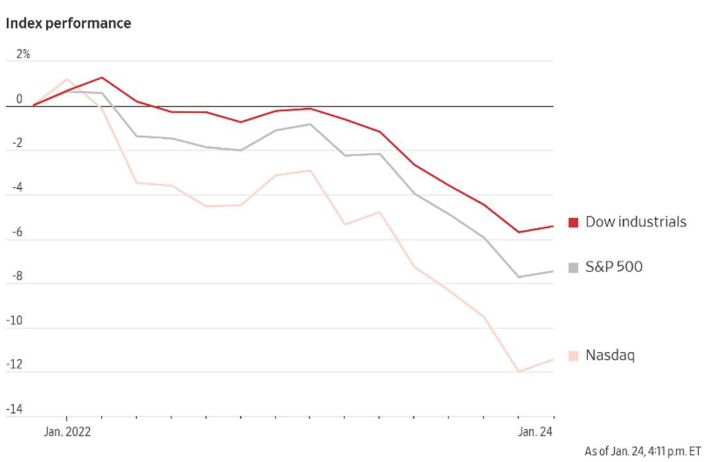
Stocks closed higher Monday – a mild comment that doesn't begin to describe the trading day. The S&P 500 rose 12 points today, or 0.28% closing at 4,410. The Dow Jones Industrial Average advanced 99 points, or 0.29% to close at 34,365. The Nasdaq Composite increased 86 points, or 0.63%, closing at 13,855. Finally, the Russell 2000 which has endured the most severe correction so far this year increased 46 points, or 2.33% to close at 2031.

The seemingly pedestrian gains described above were the final result of a wild and volatile trading session that undoubtedly left traders with market whiplash. Dow industrials were down more than 1,100 points at midday and finished the day higher the first time on record where the index was more than 1,100 points lower but finished the day positive – a dramatic reversal indeed!

At mid-day the S&P 500 was off 177 points or 4 percent; the Dow Jones Industrial Average fell 1,126 points or 3.4 percent and the Nasdaq Composite shed 720 points or 5 percent only to all finish in the green. Sometimes it is easy to get lost in the numbers so for comparison purposes the total market capitalization of the New York Stock Exchange and Nasdaq Stock Market is about $53,000,000,000,000 – that is $53 trillion. A five point swing in the market means that there was a swing of about $2.65 trillion dollars….. That is **trillion** with a "T"! In other words: *That incredible surge meant that the stock market surge today represents 12 percent of the annual value of the US economy*. The market fell at a rate of $147 million per second and then surged at an even more astonishing rate of $210 million per second. **Any wonder why traders felt whiplash at the end of the trading session**!



Investors are anxious about the upcoming Federal Reserve policy meeting as Chairman Powell may shed light on how quickly it will move to combat inflation. Investors are also worried about tension between Russia and Ukraine.

Both the S&P 500 and Nasdaq Composite have fallen into technical correction territory. Large swings are not uncommon in market corrections – especially when the Federal Reserve is changing the trajectory of its monetary policies. So, the question for investors now is whether Monday's action signals that the market storm of 2022 is past, or whether further volatility is ahead. *We believe that we may see additional selling, but if we don't get surprises from the Fed, then we are likely much of the way through the ultimate correction – however, we are monitoring events closely*.