

June 2022 Market Watch

U.S. markets closed lower in the month with the S&P 500 down -8.4% while the Dow was down -6.7% due to inflationary concerns, the slowdown of spending, and central bank policies to manage these pressures. These themes continued to be in focus as rising recession fears brought about risk off sentiments in the financial markets. The first half of 2022 (down -20.58%) was the worst first half for developed market equities since 1970.

The U.S. Fed Reserve emphasized its commitments to maintain price stability and to bring inflation down. As the market expected, the Fed raised rates by 75 basis point (+0.75%) in June. Consensus is pricing another 75bps hike in July and will likely get to 3.8% by next year. Consumers continued to feel pressure from higher prices and higher borrowing costs as the Fed seek to fight inflation. Consumers dialed back on spending on the back of May inflation up +8.6% YoY, the highest increase since Dec 1981. Core inflation (excluding food and energy) rose 6% - both readings were higher than expected.

Several themes remained in focus: inflationary pressures caused by global supply chain and labor market challenges, central bank policies, potential downside risk to consensus earnings in the near term, geopolitical tensions, de-globalization, and China's zero Covid policy.

	Date	1 Week Ago		1 Month Ago		YTD	1 Year Ago	
	6/30/22	6/23/22	% chg*	5/31/22	% chg*	% chg*	6/30/21	% chg*
DJIA	30,775.4	30,677.4	0.3%	32,990.1	-6.7%	-15.3%	34,502.5	-10.8%
S&P 500	3,785.4	3,795.7	-0.3%	4,132.2	-8.4%	-20.6%	4,297.5	-11.9%
NYSE Comp Index	14,487.6	14,402.1	0.6%	15,827.0	-8.5%	-15.6%	16,555.4	-12.5%
NASDAQ Composite	11,028.7	11,232.2	-1.8%	12,081.4	-8.7%	-29.5%	14,504.0	-24.0%
Russell 2000	1,708.0	1,711.7	-0.2%	1,864.0	-8.4%	-23.9%	2,310.5	-26.1%
MSCI EM (Emerging Markets)	1,000.7	995.3	0.5%	1,077.7	-7.1%	-18.8%	1,374.6	-27.2%
MSCI EAFE	1,846.3	1,837.4	0.5%	2,037.9	-9.4%	-21.0%	2,304.9	-19.9%
Japan Nikkei 225	26,393.0	26,171.3	0.8%	27,279.8	-3.3%	-8.3%	28,791.5	-8.3%
FTSE 100	7,169.3	7,020.5	2.1%	7,607.7	-5.8%	-1.0%	7,037.5	1.9%
SSE Comp Index	3,398.6	3,320.1	2.4%	3,186.4	6.7%	-6.6%	3,591.2	-5.4%

US Equity Sector Performance

	June	YTD	1 Yr Ret.
Consumer Discretionary	-10.8%	-32.8%	-24.2%
Consumer Staples	-2.5%	-5.6%	6.7%
Energy	-16.8%	31.8%	40.0%
Financials	-10.9%	-18.7%	-12.7%
Health Care	-2.7%	-8.3%	3.4%
Industrials	-7.4%	-16.8%	-13.4%
Information Tech	-9.3%	-26.9%	-13.6%
Materials	-13.8%	-17.9%	-8.7%
Communication Services	-7.7%	-30.2%	-29.1%
Utilities	-5.0%	-0.6%	14.3%
Real Estate	-6.8%	-19.6%	-4.9%

US Equity Style Performance

	June	YTD	1 Yr Ret.
Dow Jones Utilities	-5.3%	-1.2%	10.6%
DJ TRANS Avg.	-7.9%	-19.6%	-10.5%
Russell 1000 Value	-8.7%	-12.9%	-6.8%
Russell 1000 Growth	-7.9%	-28.1%	-18.8%
Russell 2000 Value	-9.9%	-17.3%	-16.3%
Russell 2000 Growth	-6.2%	-29.5%	-33.4%

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Bond Markets (%)

	6/30/22	1 Mth Ago	1 Yr Ago
US Benchmark Bond – 3 Mth	1.64	1.05	0.05
US Benchmark Bond – 6 Mth	2.42	1.54	0.06
US Benchmark Bond – 2 Yr	2.93	2.54	0.25
US Benchmark Bond – 5 Yr	3.00	2.81	0.88
US Benchmark Bond – 10 Yr	2.98	2.84	1.45
US Benchmark Bond – 30 Yr	3.12	3.05	2.06

US Bond Sector Performance

	June	YTD	1 Yr Ret.
Bloomberg Barclays U.S. Govt. Intrm. TR	-0.74%	-5.77%	-6.32%

Exchange Rates (per US dollar)

	6/30/22	1 Mth Ago	1 Yr Ago
Canadian Dollar	1.290	1.265	1.238
Mexican Peso	20.176	19.713	19.911
Euro	0.957	0.933	0.843
British Pound	0.823	0.793	0.724
Swiss Franc	0.957	0.959	0.924
Chinese Yuan	6.694	6.657	6.461
Indian Rupee	78.973	77.636	74.330
Japanese Yen	135.855	128.645	110.990

Commodities (In US dollars)

	6/30/22	1 Mth Ago	1 Yr Ago
Gold	1,807.30	1,848.40	1,771.60
Crude Oil	105.76	114.67	73.47
US Dollar Index	104.46	101.77	92.43
Bloomberg Commodity Index	117.05	131.34	94.54

Interest Rates (%)

	6/30/22	1 Mth Ago	1 Yr Ago
Prime Rate	4.75	4.00	3.25
Federal Funds Rate	1.58	0.84	0.10
Libor Rate 30 Day	1.79	1.12	0.10
Libor Rate 3 Months	2.29	1.61	0.15
30yr Fixed Mortgage	5.70	5.09	2.98

Economic Sentiment

	6/30/22	1 Yr Ago
Unemployment Rate	3.60%	5.90%
Average Single Family Home Capacity Utilization	401,600	386,100
	80.81%	77.66%

*Performance for world indices represents price returns (excluding dividends) for the DJIA, S&P 500, NASDAQ, Russell 2000, MSCI EM, MSCI EAFE, NYSE, SSE, and Nikkei, due to data availability.

All of the U.S. equity sectors closed lower led by an Energy retreat -16.8%, Materials fell -13.8% with industrial metals dropping, Financials fell -10.9% with credit cards and big banks losing, and Consumer Discretionary -10.8% as a result of slowed consumers spending.

Both Developed International Equities (MSCI EAFE) -9.4% and Emerging Market (MSCI EM) -7.1% closed lower. China exports increased +16.9% YoY in May (vs. +8% cons) and imports increased +4.1% (vs. +2% cons). However, China's strict zero COVID policy overshadowed the positive sentiment surrounding its recent reopening and some companies highlighted dampened supply chain constraints. The Ukraine-Russia war saw little resolution as oil and gas supply challenges remained risks for the EU.

The U.S. yield curve flattened from the previous month and rates continued to go up. The 2-Yr note rose to 2.93%, 10-Yr to 2.98% (after reaching 3.50% this month), and the 30-Yr to 3.12%.

The Bloomberg Commodity Index ended the month in the red -10.9%. WTI crude oil retreated for the first time since November and closed lower -7.8% but still above \$105/barrel, while Brent fell below \$115/barrel as geopolitical tensions and output concerns remained. Gold closed lower -2.2%.

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