

Second Quarter 2022

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Markets across the board were down significantly over another volatile quarter. Both the broader market (Russell 3000) and the S&P 500 finished lower as concerns about rising inflation took center stage.

Developed international markets (MSCI EAFE) were down as elevated inflation also plagued these markets and investors priced in the resulting interest rate hikes abroad. Emerging Markets (MSCI EM) fell significantly, as the dollar strengthened and the war between Russia and the Ukraine continued to impact the market. The broad fixed income market (Bloomberg US Aggregate Bond Index) also fell over the quarter amid inflation concerns and as the Federal Reserve continued to rapidly raise rates.

Index	2Q 2022
S&P 500 Index	-16.10%
Russell 3000 Index	-16.70%
MSCI EAFE Index ND	-14.51%
MSCI EM (Emerging Markets) Index ND	-11.45%
Bloomberg US Aggregate Bond Index	-4.69%

The unemployment rate remained static at 3.6%. Inflation picked up as the Consumer Price Index rose by 9.1% for the 12 months ending June 30, 2022, the highest it has been in four decades. Real GDP fell 1.6% annualized in the first quarter of 2022 after rising 6.9% in the fourth quarter of 2021.

	US Equity			Non-US Equity			US Fixed Income				
	Growth	Blend	Value	ACWI ex. US	EAFE	EM	High Yield	Agg	Gov't		
Large	-20.92	-16.67	-12.21	Large	-13.23	-14.00	-11.03	Short	-7.18	-1.21	-0.31
Mid	-21.07	-16.85	-14.68	Mid	-15.82	-16.45	-13.56	Interm	-9.59	-2.93	-1.65
Small	-19.25	-17.20	-15.28	Small	-17.55	-17.69	-16.41	Long	-15.19	-12.23	-11.89

Three month returns ending 6/30/22. US Equity indexes are Russell 1000, 1000 Value and 1000 Growth; MidCap, MidCap Value and MidCap Growth; and 2000, 2000 Value and 2000 Growth. Non-US Equity Indexes are MSCI All Country World Index (ACWI) ex. US Large, Mid and Small Caps; MSCI EAFE Large, Mid and Small Caps, and MSCI Emerging Markets (EM) Large, Mid and Small Caps. US Fixed Income indexes are Bloomberg Capital (BB) High Yield 1-5 Yr, Intermediate and Long duration; BB US Agg 1-5 Yr, Interm and 10+ Yr; and BB US Govt Short, Intermediate and Long Durations.

Outlook

High volatility continued over the quarter as investors reacted to news about rapidly climbing inflation and rising interest rates. Domestic stocks were lower as the market digested the magnitude of these market risks. International equity also fell as it became clear these risks posed a threat to economic growth. The US dollar continued to strengthen against most major currencies, creating headwinds for emerging markets. The ongoing war between Russia and the Ukraine continues to pose a threat to the global economy and has become a source of elevated inflation. Taken all together, a focus on long-term goals and objectives continues to be a prudent course, balancing downside risk at current valuations with the potential for upside performance.

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