

A Clear Signal of Change

Year to date 2022 the US 10-Year Yield is up 150% and the SPY is down 16%. The chart below shows that rising rates have been bad for stocks in 2022. TPA has shown in previous World Snapshots that rising yields have historically accompanied higher stock prices, but the pace of yield increases has troubled equity investors in 2022.

Chart 2 below shows that the 10-Year Yield has not only risen steadily since the end of 2021, but it has risen at an ever-increasing rate. The rate of increase can be shown by increasingly steeper uptrends. The last few days have marked the first time since the summer of 2021 that an uptrend has been violated. Chart 3 shows that after the 8-month uptrend break, the next level of long-term support for the US 10- Year Yield is approximately 3.25% (chart 3).

On the equity side of the equation, yesterday marked a gap-up day for the SPY (chart 4). The next level of resistance is the 2022 downtrend line or approximately SPY=410 or 4% above Thursday's close. The 2022 downtrend followed a break of the uptrend line from the 2020 lows (chart 5).

Clients should watch for a steady decline in yields and the SPY 410 level. After a parabolic move in rates, a continued decline could lead to a SPY breakout above the 410 level.

US 10-YEAR YIELD (BLACK) SPY (BLUE)



US 10-YEAR YIELD – 3 YEARS



US 10-YEAR YIELD - 2022



SPY – 2 YEARS



SPY – 3 YEARS

