

The Sizemore Income Letter

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Will It Ever End?

By Charles Lewis Sizemore, CFA



October got off to a really great start. After the drubbing the market took in September, it was refreshing to see stocks bounce strongly, if only for a couple days.

As I write this Friday morning, the market is turning down again.

The culprit?

The September jobs report was a little soft... but not quite soft enough to likely nudge the Federal Reserve to back off of its rate hikes.

So, here we are... Waiting for any indication from the Fed that the worst is behind us.

As badly as the market has been beaten up, I do expect some sort of tradable rally soon. But I'm not at all willing to jump in with both feet. I've been nibbling on stocks that I consider attractive at these prices, but most of my own money is tied up in alternatives that are largely outside of the market. (If you want to know more about these, please reach out.)

But my favorite "trade" right now, if you want to call it that, is 1-2 year Treasuries.

	0-1yr	1-3yr	3-5yr	5-7yr	7-10yr	10-20yr	20+Yr
CDs	3.864	4.463	4.605	4.688	5.062	4.926	---
Agencies	4.266	4.710	5.091	5.026	5.423	5.763	4.828
Corporate (AAA)	4.047	4.357	4.469	4.283	4.354	5.024	5.203
Corporate (AA)	4.049	4.768	5.028	5.079	5.294	5.475	5.800
Corporate (A)	5.130	6.394	6.316	5.933	6.240	6.662	6.597
Corporate (BBB)	5.390	7.858	8.893	8.214	8.204	7.727	7.820
Municipal (AAA)	2.499	4.001	4.607	4.790	4.941	5.332	5.014
Municipal (AA)	3.911	4.817	5.006	5.271	5.424	5.747	5.706
Municipal (A)	3.127	4.831	5.005	5.317	5.717	5.928	5.903
Municipal (BBB)	3.937	4.028	4.145	4.882	6.181	6.443	6.416
U.S. Treasuries	4.295	4.433	4.316	4.157	3.943	4.243	4.222

September 9, 2022

The screen shot on the previous page was from my TD Ameritrade account, though your broker should have something pretty similar. These are the yields on offer as of this morning.

Look at the bottom row, U.S. Treasuries. Yields top out today in the 1-3 year range, and the best yields I'm seeing are around 15-18 months. 4.4% in a risk-free bond is a lot better than I ever expected to see again.

If you have idle cash you're not sure what to do with (and don't plan to spend for at least a year) give 15-18-month Treasuries a good look. This is where you're going to find the most bang for your buck today.

That's all I have for now. Until next week, keep cashing those dividend checks!



Charles Lewis Sizemore, CFA

P.S.: Apart from writing this newsletter, I run a full-service wealth management firm along with my colleagues. At **Sizemore Capital Management**, we build income portfolios like those I write about in the *Sizemore Income Letter*. But we also do a lot more than that. We manage a suite of low-volatility strategies offering low correlation to the S&P 500. If you'd like for me to take a look at your portfolio and offer some recommendations, contact me at info@sizemorecapital.com.

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