

MARKETS

What a Crazy Year: A Bear Market, Oil's Pop, and Those Bond Yields

By [Jack Denton](#) [Follow](#) Updated Dec. 30, 2022 4:50 pm ET / Original Dec. 30, 2022 2:55 am ET



Investors are hoping for a better 2023.
Yuki Iwamura/AFP via Getty Images

With prices rising at the fastest pace in 40 years, the Federal Reserve and other central banks aggressively tightened

monetary policy. The result was a painful series of interest-rate hikes that hammered stock valuations and raised fears of recession. That, in turn, fueled a selloff that claimed the technology sector darlings of the past decade as its greatest casualty.

The Dow has fallen less than 9% this year, protected by resilient value stocks in the index. But the S&P 500 has shed nearly 20% and the Nasdaq is down 33%. All three indexes fell into a bear market, although the Dow finished the year in bull territory.

It was the worst year for the stock market since 2008, with volatility to match: The S&P 500 saw 46 daily moves of 2% or more in either direction, the most since the 2008-09 financial crisis.

"2022 will likely be remembered as a year when conventional wisdom about a new market and new economy was destroyed, and investors once again learned that 'it's not different this time,'" Essaye says. "Investors were once again brought back to economic and financial reality, a reality where profits matter, interest rates can go up, inflation can rise, and geopolitical risks are real."