



Federal Reserve Rate Rise Event Study



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The chart below shows the average performance of the Russell 1000 (large cap) and Russell 2000 (small cap) 100 days prior to and 100 days after FOMC rate rises. The chart and data demonstrate a flight to safety. This takes the form of large cap stocks outperforming small cap stocks by nearly 2% on average in the 100 days following a change in interest rate policy to increase rates.

Conclusion

As a result, to the extent possible, investors should minimize the exposure to volatile, high beta, smaller cap stocks in their portfolios.

