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INCISIVE INVESTOR

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WEEK IN REVIEW

STOCKS SNAP 3-WEEK LOSING STREAK

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U.S. stocks were trading sharply higher late Friday afternoon, on track to rise for a third straight day while looking to end a streak of weekly losses, investors appeared to have priced in another jumbo rate hike from the Federal Reserve.

The Dow Jones Industrial Average DJIA advanced 413 points, or 1.3%, to almost 32,188. The S&P 500 SPX climbed 65 points, or 1.6%, to nearly 4,072. The Nasdaq Composite COMP climbed 255 points, or 2.2%, to about 12,117.

Stocks are on track to book their first weekly gain in four weeks, with the S&P 500 up 3.8% so far this week, while the Nasdaq is up 4.2%, and the Dow has risen 2.8%, FactSet data show, at last check.



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MACRO NEWS

Powell: Fed's job is not done



Fed Chair Jerome Powell warned during a Washington conference that the longer inflation remains elevated, the greater the public's concern over inflation. As the Fed fights inflation, Powell expressed hope that it can be done without imposing significant social costs, like a surge in unemployment. He and his colleagues are committed to fighting inflation to the end. After Powell's remarks, the odds of a 0.75% rate hike on September 21st rose to 88%.

August's US services sector

The Institute for Supply Management and S&P Global conduct surveys of purchasing managers at hundreds of companies every month in the United States. In most cases, the results are similar. Nonetheless, there has been a sharp divergence between the two in recent years. Last month, ISM rose to 56.9 from 56.7 in July, whereas S&P Global's PMI dropped 13.2 points to 43.7, suggesting a rapid cooling of the economy. As a result of the ISM's more positive outcome, US yields and equities rose after the report.

HEADLINERS

On Thursday, Britain's longest-serving monarch, Queen Elizabeth II, died at Balmoral Castle in Scotland at the age of 96.

This week, as more than \$150 billion in new securities came to market, US Treasury yields rose as a result of hedging activity.

According to the Fed's Beige Book, future economic growth remains weak, with demand softening over the next 6 to 12 months. As part of its report, which was prepared in advance of the FOMC meeting on September 20-21, price levels remain highly elevated, but some Fed districts noted a moderation in the rate of increases.

Weekly US jobless claims continue to decline, indicating a resilient labor market. In the latest week, 222,000 new applications for unemployment benefits were filed, the lowest level since May. In mid-July, 261,000 weekly claims were filed.

In the past couple of months, FactSet reports that the 2022 consensus earnings estimate for the S&P 500 for 2022 has declined by 1.5% to \$226.15, while the estimate for 2023 has declined by 2.8% to \$243.68.

In July, the J.P. Morgan composite global PMI was 50.8 but dropped to 49.3 in August.

OPEC halted a recent increase in production of 100,000 barrels a day, which was pushed by President Joe Biden.

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MAJOR STOCK MOVES

Electronics Arts Inc. EA shares rose 3.7%, even after reports denied earlier rumors about a potential deal with Amazon.com Inc. AMZN.

Shares of Dell Technologies Inc. DELL fell almost 14% after executives said the end of the pandemic-driven PC sales boom appeared in the second quarter. Revenue fell short of analysts' expectations.

Gap Inc. GPS shed 1.7%, erasing earlier gains that had followed an earnings report that slightly beat Wall Street expectations.

Meta Platforms Inc. META was down around 4% as mega-cap 'FAANG' names declined following Powell's hawkish remarks. Amazon dropped more than 4%, while Apple Inc. AAPL fell slightly more than 3% and Netflix Inc. NFLX slid 4.2%.



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SAVING FOR COLLEGE 101

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Park 10 Financial has the knowledge and expertise to answer all of your concerns.

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