

10 Things You Should Know This Week

Week of 5/14/23

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- 1. A little much, don't you think?** – The S&P 500 Index is highly concentrated at the top (again), which may not bode well. In the three years following a similar concentration peak in 1964, the top-5 stocks underperformed by 8%; for the three years after the 2000 peak, the top-5 stocks underperformed by 10%. (Source: Compustat; Calculations by Hartford Equity Modeling Platform.)
- 2. The amazin' Amazon** – Amazon's Q1 2023 earnings report showed a 44% increase in revenue year-over-year. Amazon is the largest contributor to earnings growth for the entire S&P 500 Index so far this year. Sans Amazon, the (blended) earnings decline for the Index in the first quarter would be steeper, -5.1%, vs. its current decline of -3.7%. (Source: FactSet)
- 3. Robbing Peter to pay Peter** – As the X-date quickly approaches for the debt ceiling, who stands to suffer the most? Of the \$31.46 trillion in US debt, the US government owns 39%. The next largest stakeholder is foreign governments, who hold 24% of the debt. (Source: Treasury Bulletin, as of 12/22)
- 4. Bonds, but make them bougie** – One creative suggestion to help solve the nation's debt-ceiling debacle is "premium bonds." Rather than issuing new debt, some are calling for the government to renew old, expiring bonds at higher coupon rates: In other words, raising more money without technically adding additional debt. (Source: The New York Times)
- 5. Wait, this is a good thing, right?** – Job openings in March fell for a third straight month to 9.6 million—the lowest level seen in two years—while layoffs increased to the highest level seen in more than two years. These signs of cooling in the labor market could signal that Federal Reserve's rate hikes are paying off. (Source: The New York Times)
- 6. Spaghetti-uh-ohs** – Italy's Industry Minister called an emergency meeting last week over pasta. Prices for the Italian staple have risen by more than 17% year-over-year through March 31, more than double Italy's core rate of inflation for the period. (Source: Reuters)
- 7. When the chips are down** – A study published in the journal "Neurology" found that the consumption of ultra-processed foods—salty snacks, high-sugar treats, and preservative-laden frozen dinners—were associated with a higher risk of dementia among a population of more than 72,000 participants ages 55 and older from the UK Biobank study. (Source: AARP)
- 8. But did he use his turn signals?** – A 69-year-old driver in Derbyshire, England was pulled over and written up for several traffic offenses ... including never taking a driver's exam and driving unlicensed for the last 50 years. Kudos for making it that long without getting pulled over, though. (Source: BBC)

9.

Move over, doggos – New York City just hired a "Rat Czar" to tackle its pest problem, but the San Diego Zoo is trying to show off the virtues of rats. African giant pouched rats are already used to help humans locate landmines, but in the future, the rats could use their keen sense of smell to help find missing people in collapsed buildings, detect diseases, and alert officials to illegal goods at ports and airports. (Source: The New York Times)

10.

Goaaaaaaaaaaaaaal – Erling Haaland of the Manchester City Football Club set a new English Premier League record with his 35th goal of the season during a May 3rd win over West Ham United. Even more impressive, he set the record with five more games left in the season. (Source: The Score)

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S&P 500 Index is a market capitalization-weighted price index composed of 500 widely held common stocks.

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