

Wealth Strategies Group, LLC

Recession fears led the markets lower last week as the S&P 500 fell 3.05%, nearing bear territory¹ down 18.14% YTD². Fear is driving the markets and, in my opinion, will continue to do so until we can see the effects of the Fed in taming inflation and whether a soft landing is possible. Yields continue to rise as dollars flow out of the markets into fixed income investments³. On a positive note, the markets opened this week up with the S&P positive 0.46%⁴. Hopes for The Fed to intervene to stop the market bleeding are also rising⁵.

Memorial Day is just around the corner and the official start of summer. OK, summer doesn't officially begin until June 21, but Memorial Day kicks off much of the summer activities. K-12 school starts letting out, outdoor concerts begin to echo in the evenings, gold, swimming, and, well, you name it. And, we have a short trading week next week as the markets are closed on Monday for the holiday.

---Chuck

This Week's Inspiration/Activity:

"It is always too soon to quit."

Author, Norman Vincent Peale

Your action for this week is to reconsider a goal you are planning on abandoning and see if there is any new action you can take to make it successful.

This Week in History:

May 25, 1977 -- "A long time ago in a galaxy far, far away...." Memorial Day weekend opens with an intergalactic bang as the first of George Lucas' blockbuster Star Wars movies hits American theaters.⁶

¹ <https://www.cnbc.com/2022/05/20/what-it-means-when-a-bear-market-happens.html>

² See update below

³ <https://www.cnbc.com/2022/05/23/us-bonds-treasury-yields-rise-as-inflation-concerns-linger.html>

⁴ <https://www.reuters.com/markets/europe/futures-rebound-after-volatile-week-takeover-talks-boost-vmware-2022-05-23/>

⁵ <https://www.reuters.com/markets/europe/wall-st-week-ahead-bear-market-looms-battered-wall-st-seeks-elusive-fed-put-2022-05-20/>

⁶ <https://www.history.com/this-day-in-history/star-wars-opens>

In this week's recap: Recession concerns rising.

Weekly Economic Update

Presented by Charles D. Vercellone, ChFC®, AIF® May 23, 2022

THE WEEK ON WALL STREET

Recession fears grew last week following weak earnings reports from major retailers, sending stocks lower.

The Dow Jones Industrial Average fell 2.90%, while the Standard & Poor's 500 lost 3.05%. The Nasdaq Composite index dropped 3.82% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, gained 0.84%.^{1,2,3}

TRENDING LOWER

Stock prices remained in a downtrend, capped by a sell-off on Wednesday following a succession of disappointing earnings reports from several major retailers. Despite solid April retail sales and industrial production data, weak economic numbers from China and shrinking profit margins at U.S. retailers fanned recession fears throughout the week.

Rising yields, which have been an overhang to the markets in recent weeks, turned lower as investors appeared to move cash to bonds from stocks. But lower yields did not help stock prices, which closed out the week with a volatile trading session.

CLOUDY PICTURE WITH RETAILERS

Investors received a mixed message from the retail sector. April's retail sales increased 0.9% from March, signifying that consumer spending remained strong. But it was difficult to determine from the retail sales report whether the increase was a function of higher retail prices or a resilient consumer.⁴

It was also a big week for earnings reports from some of the nation's largest retailers. Results were disappointing as retailers struggled with supply chain issues, higher costs, and misaligned product mix. Some retailers indicated a drop in the number of transactions, suggesting that shoppers reduce purchases due to higher prices on essential items.

TIP OF THE WEEK



Check your credit report annually for errors. (They are not uncommon.) Under federal law, you are entitled to a free annual credit reports from the big 3 credit reporting agencies (Equifax, Experian and TransUnion) each year.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Purchasing Managers' Index (PMI) Composite Flash. New Home Sales.

Wednesday: Federal Open Market Committee (FOMC) Minutes. Durable Goods Orders.

Thursday: Gross Domestic Product (GDP). Jobless Claims.

Friday: Consumer Sentiment.

Source: Econoday, May 20, 2022

The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

Monday: Zoom Video Communications (ZM).

Tuesday: Best Buy Co., Inc. (BBY), AutoZone, Inc. (AZO), Intuit, Inc. (INTU).

Wednesday: Nvidia Corporation (NVDA), Snowflake, Inc. (SNOW).

Thursday: Costco Wholesale Corporation (COST), Marvell Technology, Inc. (MRVL), Workday, Inc. (WDAY), Dollar General Corporation (DG), Dell Technologies, Inc. (DELL), VMware, Inc. (VMW).

Source: Zacks, May 20, 2022

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

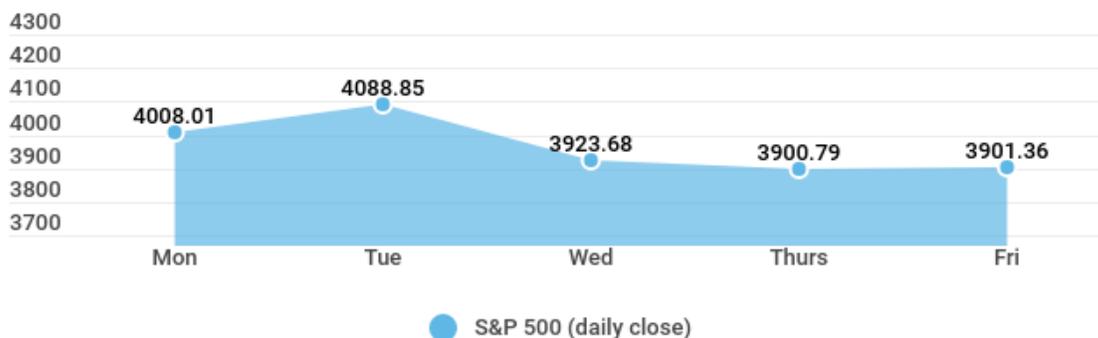
QUOTE OF THE WEEK



"It takes a very long time to become young."

PABLO PICASSO

Market Index	Close	Week	Y-T-D
DJIA	31,261.90	-2.90%	-13.97%
NASDAQ	11,354.62	-3.82%	-27.42%
MSCI-EAFE	1,958.61	+0.84%	-16.16%
S&P 500	3,901.36	-3.05%	-18.14%



	Treasury	Close	Week	Y-T-D
	10-Year Note	2.78%	-0.15%	+1.26%

Sources: The Wall Street Journal, May 20, 2022; Treasury.gov, May 20, 2022

Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 Index, and NASDAQ Composite Index is measured from the close of trading on Friday, May 13, to Friday, May 20, close. Weekly performance for the MSCI-EAFE is measured from Friday, May 13, open to Thursday, May 19, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



Two trains are crossing America from coast to coast, traveling over 3,000 miles of track. The Gentle Zephyr is going west at 70mph; the Western Wind is headed east at 80mph. So which train will be closer to the east coast when they roll by each other in Kansas?

LAST WEEK'S RIDDLE: Name two words in the English language that have the letter l twice in the middle of the word?

ANSWER: Skiing, taxiing.

Know someone who could use information like this?

Please feel free to send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

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The forecasts or forward-looking statements are based on assumptions, may not materialize, and are subject to revision without notice.

The market indexes discussed are unmanaged, and generally, considered representative of their respective markets. Index performance is not indicative of the past performance of a particular investment. Indexes do not incur management fees, costs, and expenses. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results.

The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

Please consult your financial professional for additional information.

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CITATIONS:

1. The Wall Street Journal, May 20, 2022
2. The Wall Street Journal, May 20, 2022
3. The Wall Street Journal, May 20, 2022
4. The Wall Street Journal, May 17, 2022

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