



9-12-22

WEEKLY UPDATE

Market Performance

MARKET INDEX	CLOSE 9-9-22	WEEK GAIN/LOSS	Y-T-D GAIN/LOSS
DJIA	32,151.71	+2.7%	-11.5%
S&P 500	4,067.36	+3.6%	-14.7%
NASDAQ	12,112.31	+4.1%	-22.6%

Snapping a three-week losing streak, the stock market rebounded broadly last week with the Dow gaining 2.7%, the S&P 500 rising 3.6% and NASDAQ jumping 4.1% as Mr. Market went shopping for bargains.

Economic Releases

A summary of economic releases during the past week which may impact the financial markets:

For the week ending September 3, initial jobless claims decreased by 6,000 to 222,000, indicative of a still tight labor market. This is the lowest levels of initial claims since late May. Continuing jobless claims for the week ending August 27 increased by 36,000 to 1.473 million.

The ISM Non-Manufacturing Index for August increased to 56.9%. The dividing line between expansion and contraction is 50.0%. The August reading marks the 27th straight month of growth for the services sector.

On the international front, Russia has indicated that the shutdown of the Nord Stream 1 pipeline will be long lasting, while OPEC+ announced a 100,000 barrel per day cut in production as oil prices continued to decline. China has extended the lockdown of Chengdu. Guiyang, the capital of Guizhou province, is also now in a Covid-related lockdown which will add to supply chain woes. The Reserve Bank of Australia has raised its cash rate by 50 basis points to 2.35%. The dollar continues to strengthen around the globe, which will impact earnings prospects for U.S. multinational companies.

HI-Quality Company News

A summary of important earnings and/or capital allocation news announced during the past week from the high-quality companies held in most client portfolios. For new clients, these companies may become investment candidates as valuations appear attractive and cash is available:



Fastenal-FAST reported August sales increased 21.4% to \$644.7 million with average daily sales up 16.1% to \$28.0 million. By geography, Canada/Mexico led the way with 17.5% growth followed by the United States with 16.5% growth. By end market, manufacturing growth was 23.5% with non-residential construction growth at a more modest 5.8%. By product line, fasteners led the way with 19.8% growth followed by 14.5% growth of other

products and 11.7% growth of safety items. More than 80% of the company's Top 100 accounts grew with 20% daily sales growth. Headcount at Fastenal increased 8.1% over the prior year to 21,862.



The chairman of **Booking Holdings-BKNG**, Robert J. Mylod, recently bought \$4 million worth of the stock, signaling he finds the stock attractively valued.



UnitedHealth Group-UNH and Walmart announced the beginning of an initial 10-year, wide-ranging collaboration, bringing together the collective expertise of both companies in serving millions of people with high-quality, affordable health services that improve health outcomes and improve the patient experience. The collaboration will start in 2023 with 15 Walmart Health locations in Florida and Georgia and expand into new geographies over time, ultimately serving hundreds of thousands of seniors and Medicare beneficiaries in value-based arrangements through multiple Medicare Advantage plans.



UPS-UPS announced it will hire more than 100,000 seasonal employees ahead of the holiday rush. Its streamlined, digital-first process now takes just 25 minutes for most people – from filling out an online application to receiving a job offer. And nearly 80% of seasonal positions do not require an interview. Seasonal opportunities are a proven pathway to a career at UPS – nearly 35,000 seasonal employees earned permanent positions following the 2021 holidays. UPS creates jobs that pay industry-leading wages and benefits, and rewards people who stay. A full-time UPS package delivery driver makes an average of \$95,000 per year, plus an additional \$50,000 in contributions to health, wellness and pension benefits.



Brutally hot temperatures and a persistent drought across the Great Plains and West have not altered **Tractor Supply's-TSCO** sales trajectory for the rest of the year. CEO Hal Lawton explained that although drought delayed spring for many of the company's consumers, "our business has been eerily consistent, stable, and resilient throughout all this year."



Apple-AAPL introduced a variety of products including new iPhones, AirPods and Apple Watches with new and enhanced features. For example, the iPhone 14 will feature car crash detection and automatically call 911 and products also features emergency SOS via satellite which will be free for two years.

With second quarter earnings season winding down, we still see solid growth and attractive valuations among our **HI**-quality companies as **Fastenal** reported broad-based sales growth in August; **Tractor Supply** continues to plow ahead with its consistent and resilient growth; and **UPS** plans to hire 100,000 seasonal workers to handle growth in the busy holiday season. Planning for future growth, **UnitedHealth** inked a 10-year collaboration with Walmart to provide high-quality and affordable healthcare for millions of people. **Apple** announced a variety of new products for the upcoming holiday season and held prices steady even amid supply chain challenges. **Booking Holdings'** chairman hopped aboard his stock with recent sizable purchases, indicating he continues to find the stock attractively valued.

If you have any questions, please let us know.

Sincerely,

Ingrid R. Hendershot, CFA

President