

*In this week's recap: Pre-holiday markets see no rebound.*

# Weekly Economic Update

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*Presented by Heritage Wealth Management, July 4, 2022*

## THE WEEK ON WALL STREET

Stocks turned lower as a quiet news week offered investors little fresh visibility into the market overhangs of economic slowdown and inflation.

The Dow Jones Industrial Average dipped 1.28%, while the Standard & Poor's 500 fell 2.21%. The Nasdaq Composite index dropped 4.13%. The MSCI EAFE index, which tracks developed overseas stock markets, lost 1.49%.<sup>1,2,3</sup>

## REBOUND FIZZLES

Stocks struggled last week amid poor market liquidity typical of the summer months and a news vacuum ahead of the second-quarter earnings reports. Investors also appeared to be anticipating guidance at the July Federal Open Market Committee meeting. What little news there was proved generally disappointing. A steep decline in consumer confidence preceded Fed Chair Powell's acknowledgment that inflation may persist.

Stocks stumbled after a profit warning from a high-end retailer, which highlighted recession risks. The sentiment suffered from a 4.7% increase in the core personal consumption expenditures index, which is the Fed's preferred measure of inflation. It remained near levels not seen since the 1980s.

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## CONSUMER CONFIDENCE WANES

The Conference Board's Consumer Confidence Index declined to its lowest level since February 2021, falling from 103.2 in May to 98.7 in June (1985=100). While consumers' assessment of current conditions slipped only marginally, their short-term outlook for income, business, and labor market conditions eroded substantially, touching its lowest level since March 2013.<sup>5</sup>

This rising pessimism about the short-term outlook was especially notable in consumers' assessment of financial prospects, with 15.9% expecting their incomes to increase (down from

17.9% in May) and a growing share of individuals expecting their incomes to decrease (15.2% in June vs. 14.5% in May).<sup>6</sup>

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#### TIP OF THE WEEK



*If you are a single parent, a will, a power of attorney, and disability income insurance are some documents you should consider – after all, you are the sole provider.*

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#### THE WEEK AHEAD: KEY ECONOMIC DATA

**Tuesday:** Factory Orders.

**Wednesday:** Federal Open Market Committee (FOMC) Meeting Minutes. Job Openings and Labor Turnover Survey (JOLTS). Institute for Supply Management (ISM) Services Index.

**Thursday:** Automated Data Processing (ADP) Employment Report. Jobless Claims.

**Friday:** Employment Situation.

Source: Econoday, July 1, 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

**Thursday:** Levi Strauss & Co. (LEVI).

Source: Zacks, July 1, 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.

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QUOTE OF THE WEEK

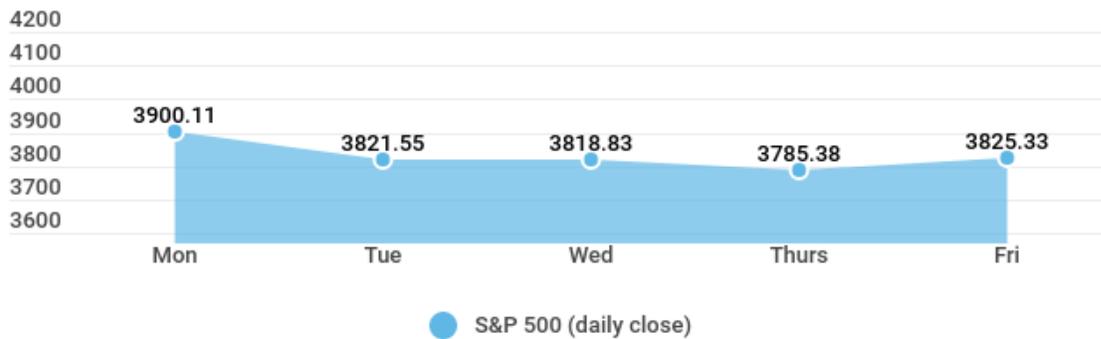


*"I think that we communicate only too well, in our silence, in what is unsaid, and that what takes place is a continual evasion, desperate rear-guard attempts to keep ourselves to ourselves. Communication is too alarming."*

HAROLD PINTER

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Market Index	Close	Week	Y-T-D
DJIA	31,097.26	-1.28%	-14.42%
NASDAQ	11,127.85	-4.13%	-28.87%
MSCI-EAFE	1,846.28	-1.49%	-20.97%
S&P 500	3,825.33	-2.21%	-19.74%



	Treasury	Close	Week	Y-T-D
	10-Year Note	2.88%	-0.25%	+1.36%

Sources: The Wall Street Journal, July 1, 2022; Treasury.gov, July 1, 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, June 24, to Friday, July 1, close. Weekly performance for the MSCI-EAFE is measured from Friday, June 24, open to Thursday, June 30, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

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## THE WEEKLY RIDDLE



*It weighs nothing, but when you put it into any container it makes the container lighter. What is it?*

*LAST WEEK'S RIDDLE: In a drawer are six pairs of red socks, four pairs of white socks and five pairs of blue socks. In total darkness, how many socks would you have to grab to be certain you had a matching pair?*

*ANSWER: Four socks. Four is the maximum number you'd need to pull to ensure you had at least two socks that matched. (Don't believe it? Give it a try!)*

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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, July 1, 2022
2. The Wall Street Journal, July 1, 2022
3. The Wall Street Journal, July 1, 2022
4. CNBC, June 30, 2022
5. The Conference Board, June 28, 2022
6. The Conference Board, June 28, 2022