

## Economic Calendar

### Monday, June 20

Juneteenth National Independence Day (observed), All Markets Closed.

### Tuesday, June 21

Chicago Fed National Activity, Existing Home Sales.

### Wednesday, June 22

Mortgage Applications Activity.

### Thursday, June 23

Jobless Claims, S&P Global U.S. Manufacturing and Services PMIs.

### Friday, June 24

Consumer Sentiment, New Home Sales.

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# WEEKLY RECAP

June 13-17, 2022 Recap

## Worst Week Since March 2020

### ***Recession Fears Rise***

The S&P 500 capped its 10th weekly decline in the last 11 weeks after weakening retail sales data added to angst over worsening growth fears while the Federal Reserve raised rates by 0.75%, its largest rate hike in 28 years. Moreover, Fed Chairman Powell opened the door for possibly the same aggressive hike at the Fed's next policy meeting in July. Such a move would take its three-month set of increases to 2%, the most since 1982.

### ***For the Week...***

The S&P 500 posted its worst week dating back to March 20, 2020, falling 5.75% while the Dow Jones Industrial Average fell 4.79% and on Thursday closed below 30,000 for the first time since January 2021. The tech-heavy Nasdaq Composite fell the least, down 4.76%.

### ***Retail Sales Decline***

U.S. retail sales fell 0.3% in May, its first decline in five months. Economists had projected a 0.2% increase. The pullback in headline sales was largely due to a 3.5% plunge in auto and auto-parts sales which in turn were hampered by supply shortages. Meanwhile gasoline sales jumped 4%, mostly due to rising prices. Overall, retail sales are still up 8.1% from a year ago.

### ***Consumer Staples Fall the Least***

All 11 major sector groups posted losses again last week. Energy, this year's strongest gainer, fell the most (-17.10%), followed by Utilities (-9.11%) and Materials (-8.24%). Consumer Staples (-4.24%) and Healthcare (-4.42%) fell the least, followed by Communication Services (-4.57%).

### ***Treasury Yields Rise***

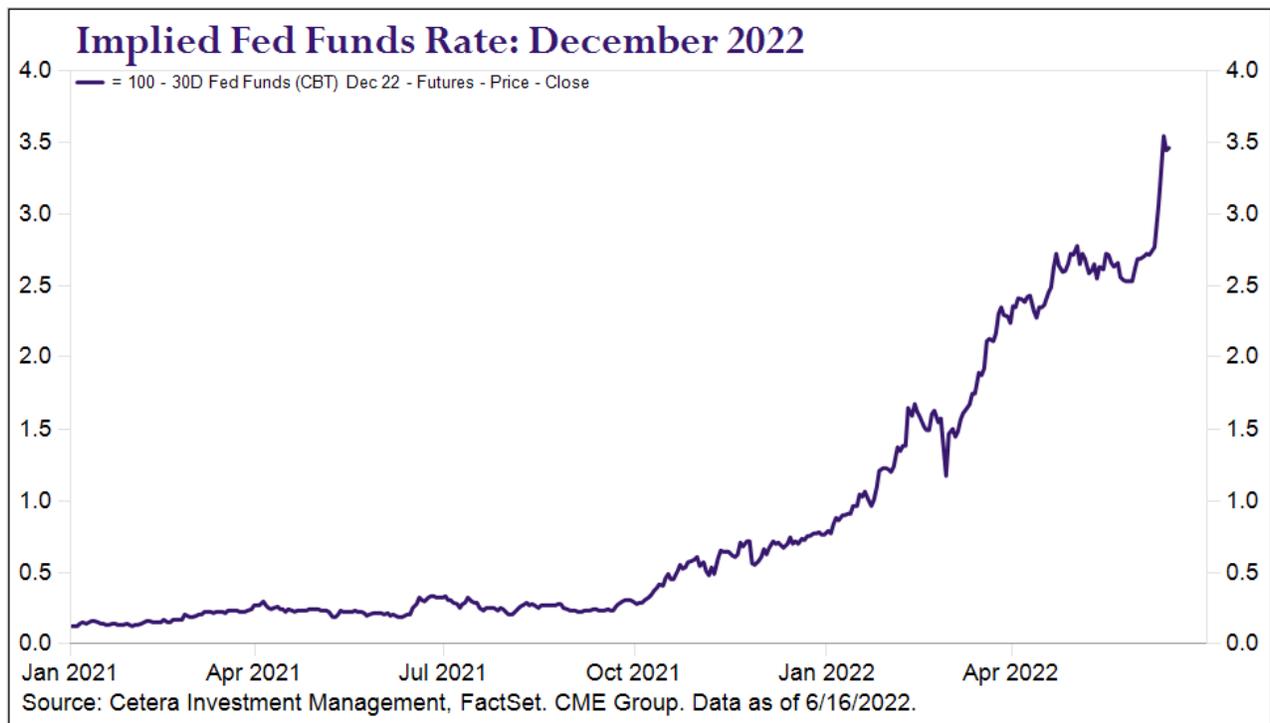
Treasury security prices resumed a decline trend, sending yields higher. The yield on 10-year Treasury notes rose to 3.236% from 3.157% the week prior. Separately, the U.S. Dollar Index strengthened a third straight week, up 0.53% and U.S. WTI crude oil futures notably declined to \$107.99/barrel from \$120.67/barrel the prior week.

## Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-4.79	-9.40	-13.32	-17.75	-11.64	4.60
S&P 500	-5.75	-10.97	-16.36	-22.33	-11.69	10.16
NASDAQ Composite	-4.76	-10.58	-20.52	-30.72	-23.23	12.15
Russell 3000	-5.95	-10.98	-16.98	-23.35	-14.79	9.40
Russell 2000	-7.43	-10.56	-19.05	-25.37	-26.34	4.10
MSCI EAFE	-5.73	-10.48	-14.13	-20.63	-20.38	1.66
MSCI Emerging Markets	-4.67	-6.62	-9.70	-17.61	-24.52	2.11
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	-0.92	-2.81	-6.39	-11.48	-11.15	-1.08
Bloomberg Municipal Bonds	-2.00	-2.80	-5.36	-10.06	-9.73	-0.48
Bloomberg US Corp High Yield	-2.90	-5.55	-8.34	-13.10	-11.19	0.95
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-6.37	-3.42	2.19	28.20	41.18	18.35
S&P GSCI Crude Oil	-8.97	-5.83	6.24	43.58	52.62	27.44
S&P GSCI Gold	-1.86	-0.42	-5.52	0.66	3.71	11.08

Source: Morningstar

## Chart of the Week: Interest Rate Expectations Surge



The Federal Reserve implemented the first 0.75% rate hike since 1994 last week. Furthermore, the Fed plans on raising rates aggressively in the months ahead to fight inflation. By year-end, the Fed anticipates rates will reach 3.4%, the highest since before the financial crisis. Looking at the implied fed funds rate, the bond market is now in sync with the outlook on rates this year. While the Fed will be aggressively fighting inflation, they could slow rate hikes if inflationary pressures begin to show signs of easing quicker than they now expect.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](https://twitter.com/CeteraIM) on Twitter.

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### **Glossary**

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.