

Wealth Strategies Group, LLC

A strong start to the second quarter earnings reports sent the markets higher last week as the S&P 500 rose 2.55% for the week (down 16.88% YTD)¹. Consumer confidence, however, took another hit as the reading from the Conference Board fell to 95.7 from last months revised reading of 98.4³. This week, the focus will be on The Fed as they meet on Wednesday to review rates and policies. Expectations are still high for a 0.75% increase.

CME Group notes a better than 75% chance of such an increase, but almost a 25% chance of a full 1%². Hopes are for higher rates putting a damper on and bringing inflation down but there are other consequences (and benefits) of higher rates. Increases in car loans, student debt, and mortgages can drive up expenses and push consumer spending lower. However, interest earnings on savings accounts and CDs may rise⁴.

2nd quarter reviews are in full swing, and my calendar will be packed the next couple of weeks. I am available at times for calls to discuss concerns and answer questions. Leave a message and I will return the call as soon as I can or visit <https://go.oncehub.com/ChuckVercellone> and book in a time to talk.

---Chuck

This Week's Inspiration/Activity:

***"Silence is one of the great arts of conversation."
Philanthropist, Hanna More***

Your action for this week is to listen more when in conversation. We can spend so much time thinking about what we are going to say next and not hear the other person's part of the discussion.

This Week in History:

July 26, 1908 -- The Federal Bureau of Investigation (FBI) is born when U.S. Attorney General Charles Bonaparte orders a group of newly hired federal investigators to report to Chief Examiner Stanley W. Finch of the Department of Justice⁵.

¹ See update below

² <https://www.cmegroup.com/trading/interest-rates/countdown-to-fomc.html>

³ <https://www.cnn.com/2022/07/26/economy/consumer-confidence-index-july/index.html>

⁴ <https://www.cnbc.com/2022/07/20/5-ways-the-federal-reserves-next-interest-rate-hike-could-affect-you.html>

⁵ <https://www.history.com/this-day-in-history/fbi-founded>

In this week's recap: Markets react to dim forecast, 2Q reports.

Weekly Economic Update

Presented by Charles D. Vercellone, ChFC®, AIF®, July 25, 2022

THE WEEK ON WALL STREET

Stocks rallied last week as investor spirits lifted thanks to a better-than-expected start to the second-quarter earnings season.

The Dow Jones Industrial Average gained 1.95%, while the Standard & Poor's 500 added 2.55%. The Nasdaq Composite index jumped 3.33% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, advanced 3.54%.^{1,2,3}

EARNINGS PROPEL STOCKS

Earnings season kicked off last week, with major banks reporting second-quarter results. While their results were mixed, they appeared to indicate that consumers and businesses remained reasonably healthy—a perspective that helped erase some negative sentiment overhanging the market.

As the week progressed, stocks gained momentum as earnings results poured in from different sectors of the economy, showing that businesses were navigating higher inflation and slowing growth better than investors feared. Technology and other gloomier sectors were among the market's best performers for the week. A few disappointing corporate reports and a weak economic report sent stocks lower to close out a solid week.

CRACKS IN THE FOUNDATION

Data released last week indicated more trouble in the housing market. The latest monthly homebuilder sentiment survey showed the single largest monthly drop in its 37-year history, except for April 2020. The sentiment report preceded a drop in June housing starts and issued building permits. Housing starts declined for the second month, falling 2.0% and surprising economists who had expected an increase.^{4,5}

Housing weakness made itself known through a 5.4% month-over-month decline in June's existing home sales, representing the slowest pace since June 2020. Increasing prices and higher mortgage rates demonstrated drags on buyer demand.⁶

TIP OF THE WEEK



If you are 60 now, there is a reasonable chance that you may live into your eighties or nineties. So, with longevity in mind, prepare for retirement with wealth accumulation and wealth protection in mind.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: New Home Sales.

Wednesday: FOMC Announcement. Durable Goods Orders.

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

Source: Econoday, July 22, 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

Tuesday: Microsoft Corporation (MSFT), General Electric Company (GE), Visa, Inc. (V), Alphabet, Inc. (GOOGL), General Motors Company (GM), The Coca Cola Company (KO), McDonald's Corporation (MCD), Archer Daniels Midland Company (ADM), 3M Company (MMM), Texas Instruments, Inc. (TXN), United Parcel Service, Inc. (UPS), KimberlyClark Corporation (KMB).

Wednesday: The Boeing Company (BA), Ford Motor Company (F), Qualcomm, Inc. (QCOM), Bristol Myers Squibb Company (BMY), Lam Research Corporation (LRCX), Shopify, Inc. (SHOP), ServiceNow, Inc. (NOW), General Dynamics Corporation (GD), Norfolk Southern Corporation (NSC).

Thursday: Apple, Inc. (AAPL), Intel Corporation (INTC), Mastercard, Inc. (MA), Pfizer, Inc. (PFE), Merck & Co., Inc. (MRK), The Southern Company (SO), Northrop Grumman Corporation (NOC), Southwest Airlines (LUV).

Friday: AbbVie, Inc. (ABBV), Exxon Mobil Corporation (XOM), Chevron Corporation (CVX), The Procter & Gamble Company (PG), ColgatePalmolive Company (CL).

Source: Zacks, July 22, 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.

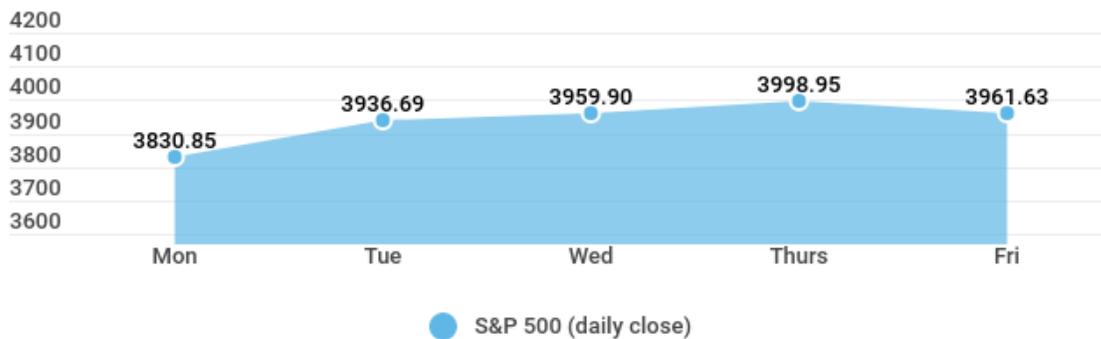
QUOTE OF THE WEEK



“Lots of people want to ride with you in the limo, but what you want is someone who will take the bus with you when the limo breaks down.”

OPRAH WINFREY

Market Index	Close	Week	Y-T-D
DJIA	31,899.29	+1.95%	-12.22%
NASDAQ	11,834.11	+3.33%	-24.36%
MSCI-EAFE	1,881.36	+3.54%	-19.46%
S&P 500	3,961.63	+2.55%	-16.88%



	Treasury	Close	Week	Y-T-D
	10-Year Note	2.77%	-0.16%	+1.25%

Sources: The Wall Street Journal, July 22, 2022; Treasury.gov, July 22, 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, July 15, to Friday, July 22, close. Weekly performance for the MSCI-EAFE is measured from Friday, July 15, open to Thursday, July 21, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



I can't be seen, but I'm all around. I have no mouth, yet can make a sound. I can be harnessed, but never bound. No hands have I, yet I move the ground. What am I?

LAST WEEK'S RIDDLE: You have 9 seemingly identical cubes before you. You are told that one is heavier than the other eight. Using a two-pan balance scale only twice, how can you pick out the heaviest cube?

ANSWER: Divide the 9 cubes into 3 groups of 3. Weigh two groups. This way, you can find out which group has the heavier cube in it. Choose 2 cubes from this group and compare their weights. By deduction, you will determine the heaviest cube.

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.)

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.

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, July 22, 2022
2. The Wall Street Journal, July 22, 2022
3. The Wall Street Journal, July 22, 2022
4. CNBC, July 18, 2022
5. The Wall Street Journal, July 19, 2022
6. CNBC, July 20, 2022

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