

Wealth Strategies Group, LLC

The Fed delivered the expected 0.50% increase in the Fed Funds Rate and sent the markets soaring, only to return gains and then some the following day. The S&P 500 ended the week down 0.21% (down 13.49% YTD)¹. In delivering the expected increase, Chairman Powell noted the need for at least one more such increase but hinted a hike of 0.75% is likely off-the-table. CME Group notes the odds of only a 0.50% hike at next month's meeting at

90.8%². Concerns about the Fed's ability to rein in inflation without sending the economy into recession continue to affect the markets³. Minneapolis Fed President Kashkari is confident they can achieve the goal of returning inflation to the Fed's 2% target but not without some pain in the near term⁴. Hopefully the Fed moves will restore some confidence in the economy, and we'll see an end to the market swings in the upcoming weeks. I am getting a few questions regarding moving to cash and waiting out the volatility, a few more calls than usual. I want to remind you that market timing seldom protects your investments as often the decision to exit and re-enter the markets cannot be timed perfectly. The point where many are comfortable to get back in, usually comes at a price higher than where they exited, so they miss out on some of the recovery. I noted in an email and post last week JPMorgan's analysis of missing out on even the 10 best days of the market over a 20-year period from 2001-2021 (7 of the 10 best days over this time period occurred within 2 weeks of the 10 worst days)⁵. Review your risk tolerance and portfolio allocation* and adjust as necessary to remain invested and in your comfort zone.

Mother's Day was Sunday and I hope every mother out there enjoyed the beautiful weather and had a special day.

---Chuck

This Week's Inspiration/ Activity:

"Unless you try to do something beyond what you have already mastered, you will never grow."

Professor, Robert E. Osborn

Your action for this week is to work on succeeding at a task or activity you have failed at in the past

This Week in History:

May 8, 1963 -- "Bond, James Bond" -- Sean Connery delivers the iconic introduction in his first Bond movie, Dr. No.⁶.

¹ See update below

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

³ <https://www.cnbc.com/2022/05/05/why-the-market-is-taking-powell-s-soft-ish-economic-language-so-hard.html>

⁴ <https://www.cnbc.com/2022/05/09/feds-kashkari-confident-inflation-can-weaken-but-not-without-pain.html>

⁵ https://www.linkedin.com/posts/wsgllc_market-volatility-activity-6928046664268079104-E9zK?utm_source=linkedin_share&utm_medium=member_desktop_web

⁶ <https://www.history.com/this-day-in-history/sean-connery-stars-in-his-first-bond-movie-dr-no>

* Asset allocation does not ensure a profit or guarantee against loss; it is a method used to help manage risk.

In this week's recap: Tighter money policy; Market drops.

Weekly Economic Update

Presented by Charles D. Vercellone, ChFC®, AIF®, May 9, 2022

THE WEEK ON WALL STREET

With the Fed in focus, the markets experienced wide price swings over the course of last week, as technology companies led the market lower.

The Dow Jones Industrial Average slipped 0.24%, while the Standard & Poor's 500 declined 0.21%. The Nasdaq Composite index dropped 1.54% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, fell 1.99%.^{1,2,3}

A WILD WEEK

After successive daily gains to begin the week, stocks staged a powerful relief rally in response to Wednesday's Federal Open Market Committee (FOMC) announcement, aided by Fed Chair Powell's comment that a 75-basis point hike was not under active consideration.

Stocks, however, dropped the following day as investors reassessed the implications of a tighter monetary policy. Also on Thursday, the yield on the 10-year Treasury Note closed above three percent. News that worker productivity fell 7.5% and labor costs rose 11.6% in the first quarter fanned inflation fears and added to investor unease. Despite a better-than-expected employment report, stocks closed out the week with another day of losses amid volatile trading.⁴

FED RAISES RATES

The May 2022 FOMC meeting resulted in an increase of 50 basis points in the federal funds rate, the largest rate increase since 2000. In a post-meeting press conference, Fed Chair Powell said additional 50 basis point hikes are likely, acknowledging that inflation was much too high and sending assurances that he was committed to price stability.

The Fed also announced that it would begin reducing its \$9 trillion balance sheet by \$95 billion a month, a step the markets had been anticipating.⁵

TIP OF THE WEEK



Dropping a landline and just using your cell phone might save you money each year. For some, it's a difficult legacy item to drop but this year might present a great opportunity.

THE WEEK AHEAD: KEY ECONOMIC DATA

Wednesday: Consumer Price Index (CPI).

Thursday: Producer Price Index (PPI). Jobless Claims.

Friday: Consumer Sentiment.

Source: Econoday, May 6, 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: Tyson Foods, Inc. (TSN).

Tuesday: Occidental Corporation (OXY), Sysco Corporation (SYY).

Wednesday: The Walt Disney Company (DIS), Rivian Automotive, Inc. (RIVN).

Thursday: Affirm Holdings, Inc. (AFRM).

Source: Zacks, May 6, 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.

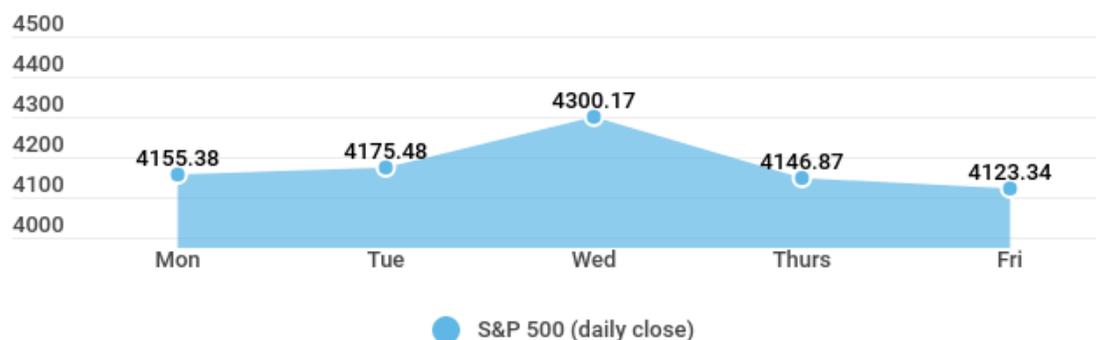
QUOTE OF THE WEEK



“A pleasure is full grown only when it is remembered.”

C.S. LEWIS

Market Index	Close	Week	Y-T-D
DJIA	32,899.37	-0.24%	-9.46%
NASDAQ	12,144.66	-1.54%	-22.37%
MSCI-EAFE	1,993.23	-1.99%	-14.68%
S&P 500	4,123.34	-0.21%	-13.49%



	Treasury	Close	Week	Y-T-D
	10-Year Note	3.12%	+0.23%	+1.60%

Sources: The Wall Street Journal, May 6, 2022; Treasury.gov, May 6, 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, April 29, to Friday, May 6, close. Weekly performance for the MSCI-EAFE is measured from Friday, April 29, open to Thursday, May 5, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



A librarian finds that pages have been ripped out of a novel. Pages 28, 29, 148, 211 and 212 are torn out. Given this, how many separate sheets of paper have been torn from the book?

LAST WEEK'S RIDDLE: What is the number missing within this sequence? 4, 7, 11, 18, 29, 47, __, 123, 199, 322.

ANSWER: The missing number is 76. Beginning with the third number in the sequence, each number is the sum of the two preceding numbers.

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, May 6, 2022
2. The Wall Street Journal, May 6, 2022
3. The Wall Street Journal, May 6, 2022
4. CNBC, May 5, 2022
5. CNBC, May 4, 2022

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