

*In this week's recap: Stocks have a warmer week as inflation cools.*



# Weekly Economic Update

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August 15, 2022

## THE WEEK ON WALL STREET

An improving inflation outlook buoyed investors' spirits last week, helping lift stocks to solid gains.

The Dow Jones Industrial Average advanced 2.92%, while the Standard & Poor's 500 rose 3.26%. The Nasdaq Composite index added 3.08% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, gained 2.39%.<sup>1,2,3</sup>

## LOWER INFLATION SPURS BUYING

Stock prices surged mid-week when the U.S. Bureau of Labor Statistics released a better-than-expected Consumer Price Index (CPI) number, with buying momentum building throughout the trading session.

Gains were significant across the board, with technology and small-cap companies leading the market higher. The mid-week rally sent the S&P 500 to its highest level since May and the Nasdaq to its highest level since April. Bond yields fell on expectations that the Fed's pressure to hike rates further might ease. After pausing on Thursday, stocks again ripped higher on Friday, aided, in part, by a report indicating improving consumer sentiment.<sup>4</sup>

## INFLATION COOLS

The Consumer Price Index in July was softer than expected, with prices unchanged from the previous month thanks to a 4.6% decline in energy prices and a 7.7% drop in gasoline.<sup>4</sup>

Despite the encouraging results, the CPI report still evidenced upward price pressure. The year-over-year inflation rate remained at 8.5%, while the core CPI (excluding food and energy) came in at 5.9%. Among the index components seeing substantial price increases were food (+10.9% from 12 months ago) and shelter (+5.7%). Producer prices fell 0.5% in July, suggesting that future consumer price increases may continue to moderate.<sup>5,6</sup>

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## TIP OF THE WEEK



*Each day brings breaking news; beware of abruptly altering your long-range financial strategy in response.*

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## THE WEEK AHEAD: KEY ECONOMIC DATA

**Tuesday:** Industrial Production. Housing Starts.

**Wednesday:** Retail Sales. Federal Open Market Committee (FOMC) Minutes.

**Thursday:** Jobless Claims. Existing Home Sales. Index of Leading Economic Indicators.

Source: Econoday, August 12, 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:** Walmart, Inc. (WMT), The Home Depot, Inc. (HD).

**Wednesday:** Cisco Systems, Inc. (CSCO), Target Corporation (TGT), Lowe's Companies, Inc. (LOW), The TJX Companies, Inc. (TJX).

**Thursday:** Applied Materials, Inc. (AMAT), NetEase, Inc. (NTES).

**Friday:** Deere & Company (DE).

Source: Zacks, August 12, 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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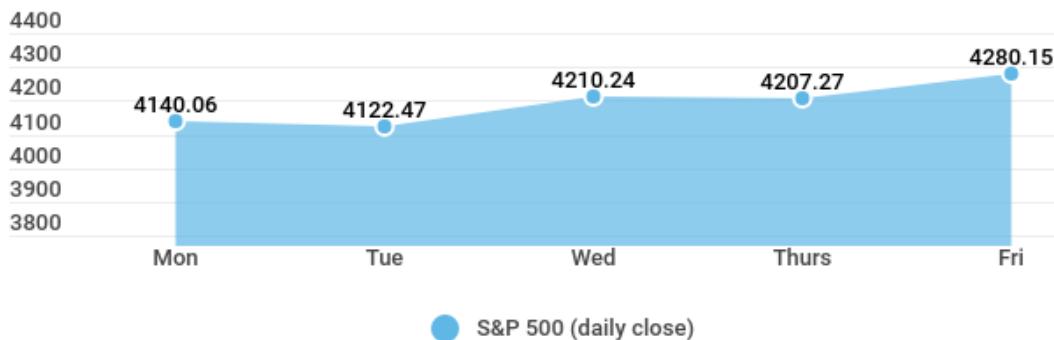
## QUOTE OF THE WEEK



*"You can't destroy knowledge. You can stamp it under and burn it up and forbid it to be, but somewhere it will survive."*

*LEIGH BRACKETT*

Market Index	Close	Week	Y-T-D
DJIA	33,761.05	+2.92%	-7.09%
NASDAQ	13,047.19	+3.08%	-16.60%
MSCI-EAFE	1,970.07	+2.39%	-15.67%
S&P 500	4,280.15	+3.26%	-10.20%



Treasury	Close	Week	Y-T-D
10-Year Note	2.84%	+0.01%	+1.32%

Sources: The Wall Street Journal, August 12, 2022; Treasury.gov, August 12, 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, August 5, to Friday, August 12, close. Weekly performance for the MSCI-EAFE is measured from Friday, August 5, open to Thursday, August 11, close.  
Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## THE WEEKLY RIDDLE



*Trains travel from one town to another town all day, always on the same track, always going nonstop and at the same speed. The noon train took 80 minutes to complete the trip, but the 4 PM train took an hour and 20 minutes. Why?*

*LAST WEEK'S RIDDLE:* Just two U.S. states have capital cities whose names include the full name of the state. What states are they?

*ANSWER:* Indiana (Indianapolis) and Oklahoma (Oklahoma City).

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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, August 12, 2022
2. The Wall Street Journal, August 12, 2022
3. The Wall Street Journal, August 12, 2022
4. CNBC, August 10, 2022
5. CNBC, August 10, 2022
6. CNBC, August 11, 2022