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| **RESOURCE LOG – JANUARY 2022** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
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| Stocks notch big yearly gain for 3rd straight year | The S&P 500 finished with a gain of 26.9% for the year, or a total return of about 29%, including dividends. That’s nearly as much as the benchmark index gained in 2019. The Nasdaq composite, powered by Big Tech stocks, climbed 21.4% in 2021. The Dow Jones Industrial Average gained 18.7%, with Home Depot and Microsoft leading the way.  A wave of consumer demand fueled by the reopening of economies pumped up corporate profits more than expected in 2021, which helped keep investors in a buying mood. Wall Street also got a boost from the Federal Reserve, which kept its key short-term interest rate near zero all year. | Daily Herald | 01/01/2022 | Alex Veiga |
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| Stocks Confront Rockier Course In 2022 | The double threat of an unpredictable pandemic and looming interest-rate increases gives reason for investors to be apprehensive heading into 2022, a contrast to the vaccine-fueled optimism of 12 months ago.  Heading into 2021, economists surveyed by the Wall Street Journal had expected that the U.S. economy would grow 3.7% over the course of the year. Instead, it likely expanded more than 5%. | The Wall Street Journal | 01/03/2022 | Sam Goldfarb |
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| Tech Stocks Drag Down S&P 500 | The Dow Jones Industrial Average climbed to its second record of 2022, while declines in technology stocks weighed on the broad market.  Stocks in economically sensitive sectors like energy, financials and industrials advanced as investors parsed manufacturing and labor data and focused on rising long-term bond yields.  The retreat by tech stocks, meanwhile, helped pull the S&P 500 and Nasdaq composite lower.  The S&P 500 slipped 3.02 points, or 0.1%, to 4793.54. the Dow Jones Industrial Average rose 214.59 points, or 0.6%, to 36799.65. the Nasdaq composite fell 210.08 points, or 1.3%, to 15622.72.  Traders tend to pile into tech stocks when economic concerns mount, betting those shares can deliver growth. When the outlook brightens, they often rotate into companies that can harness themselves to a strong economy.  Analysts estimate that profits from companies in the S&P 500 rose 22% in the fourth quarter from a year earlier, according to FactSet.  Oil prices rose after OPEC and a Russia-led group of oil producers agreed to keep pumping more crude in a bet that the global surge in covid-19 cases won’t depress demand like earlier waves of the virus. Global benchmark Brent crude climbed 1.3% to $80 a barrel. | The Wall Street Journal | 01/05/2022 | Karen Langley and Anna Hirtenstein |
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| Fed Eyes Potential March Increase In Rates | Minutes of their Dec. 14-15 meeting, released Wednesday, showed officials believed that rising inflation and a very tight labor market could call for lifting short-term rates “sooner or at a faster pace than participants had earlier anticipated.”  Stocks turned sharply lower after the minutes were released Wednesday afternoon. The blue-chip Dow Jones Industrial Average fell 1.1%, while the tech-heavy Nasdaq composite Index lost 3.3%.  Meanwhile, government bond yields rose, with the yield on the benchmark 10-Year U.S. Treasury note climbing to 1.703% Wednesday… | The Wall Street Journal | 01/06/2022 | Nick Timiraos |
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| Energy, Banks, Small-Caps Offer the Few Bright Spots | Stocks fell in a choppy trading session, dragged down by investor worries about the impact the Federal Reserve would have on markets if it raises interest rates faster than anticipated.  All three major U.S. indexes finished the session lower, erasing intraday gains. The S&P 500 edged down 4.53 points, or 0.1%, to 4696.05. The Nasdaq Composite declined 19.31 points, or 0.1%, to 15080.86. The Dow Jones Industrial Average lost 170.64 points, or 0.5%, to 36236.47.  Global markets ended lower after taking signals from the selloff that hit U.S. markets on Wednesday. The Stoxx Europe 600 fell 1.3%. composite Index fell 0.3%. | The Wall Street Journal | 01/07/2022 | Caitlin McCabe and Joe Wallace |
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| Bitcoin, Other Cryptos Fall | Cryptocurrencies led by bitcoin and ether slumped as part of the broader tech selloff, cementing their status among investors as risky assets quickly dumped in moments of market stress.  The falls were triggered by Federal Reserve minutes that showed officials are eyeing a faster timetable for raising interest rates this year. As rates rise, holding volatile investments that produce little income becomes less attractive compared with government bonds.  Bitcoin declined about 6% since the release of the December Fed minutes on Wednesday…  Bitcoin’s value neared $70,000 last November… | The Wall Street Journal | 01/07/2022 | Caitlin Ostroff |
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| Investors Wager Against U.S. Tech | U.S. stocks beat shares elsewhere in the world by the widest margin in almost a quarter-century last year, powered by big technology companies. Some investors are betting that rising interest rates and a tech swoon could bring America’s winning streak to an end in 2022.  Investors dumped tech stocks, pushing the Nasdaq Composite Index to its worst loss since February.  The sell-off came after a gangbuster year for the U.S. market.  Hammered by a regulatory clampdown on tech companies and worries about the property sector, Chinese stocks trailed the pack. As measured by MSCI, the Market returned minus 22% in dollars.  Europe fared better but, for U.S.-based investors, was held back by a weakening euro. The total return on European stocks was almost level with that of U. S. stocks in local-currency terms. After converting into dollars, it fell 10 percentage points short.  The direction of government-bond yields will help determine whether the U.S. market streaks ahead again this year, investors and analysts say. U.S. stocks pulled away from European stocks at the start of last summer after the Delta wave of coronavirus, among other factors, dragged down Treasury yields. | The Wall Street Journal | 01/07/2022 | Joe Wallace |
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| Mortgage Rates Hit Highest Level Since ‘20 | U.S. mortgage rates this week rose to their highest levels since May 2020, driving up the costs associated with home buying at a time when home-sales prices are already near records.  The average rate for a 30-year fixed-rate loan was 3.22%, up from 3.11% last week, according to mortgage-finance company Freddie Mac. A year ago, mortgage rates stood at 2.65%.  Ultralow interest rates have been a major force in the housing boom of the last two years. | The Wall Street Journal | 01/07/2022 | Nicole Friedman, Orla McCaffrey and Sam Goldfarb |
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| U.S. Markets Hit Bumps In the First Week of 2022 | Markets are off to a rough start in 2022.  The S&P 500 ended the week with a loss of 1.9%, while the Dow Jones Industrial Average lost 0.3%. The tech-heavy Nasdaq composite fell 4.5%, its worst week since February.  The turbulence hasn’t been limited to the stock market. The yield on the 10-year Treasury note jumped for five consecutive sessions to its highest level since January 2020, before the pandemic started spreading aggressively through the U.S.  As bond prices have fallen and Treasury yields have jumped, investors have ditched shares of technology and growth companies, particularly some of the most speculative bets in those sectors. | The Wall Street Journal | 01/08-09/2022 | Gunjan Banerji and Anna Hirtenstein |
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| Hiring Slowed At Close Of Record Jobs Year | U.S. hiring moderated in December to close out a record year for job gains ahead of disruptions from the Omicron variant, with declining unemployment and robust wage growth suggesting the economy will grow solidly this year.  Last month’s payroll gains left the economy with about 6.4 million more jobs than at the end of 2020-a greater increase than in any year on record…  The labor market, while still recovering from the pandemic, is entering the year on much better footing than it did at the start of 2021.  The unemployment rate fell to 3.9% last month from 4.2% in November. Many employers are raising pay as they compete for a limited pool of workers. Average hourly wages increased 4.7% in December from a year earlier…  The evidence of a tight labor market and high inflation is likely to keep Federal Reserve officials on track to lift interest rates from near zero as soon as their policy meeting in March. | The Wall Street Journal | 01/08-09/2022 | Sarah Chaney Cambon |
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| Earnings Season Ushers In Test for Stocks  *Investors look for clues on the economy after rate feats sent market down at start of year* | Earnings season kicks off this week, the next test for a stock market rattled by the prospect of quicker interest-rate increases by the Federal Reserve.  The market fell Wednesday on news that the Fed might lift short-term interest rates as soon as March, and it extended its decline throughout the week. The S&P 500, which soared 27% in 2021, fell 1.9% in the first week of the new year. The tech-heavy Nasdaq composite recorded its worst week since February. The yield on the 10-year U.S. Treasury note rose to 1.769%, its highest since January 2020.  Low interest rates make investors more willing to pay rich valuations for stocks… | The Wall Street Journal | 01/10/2022 | Karen Langley |
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| Studies Find Supply-chain Turmoil Had Unprecedented Economic Impact | Prices for moving goods by ocean from China to the U.S. West Coast swung more than 72 percentage points from an early-pandemic low to a peak in 2021’s third quarter of more than 50% above the long-term trend for container shipping rates, researchers at the regional Fed bank wrote in the report released this week.  He said the major driver of rising rates remains the strong consumer demand for goods that is swamping transportation networks. | The Wall Street Journal | 01/10/2022 | Lydia O’Neal |
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| Bond Selloff Rattles Markets  *Drop in prices pushes 10-year Treasury yield to 1769%, its highest since early 2020* | A year-opening bond rout has pushed longer-term interest rates to new pandemic-era highs, sending shock waves across financial markets.  By Friday, it had settled at 1.769%, smashing through its 2021 closing high of 1.749% to reach its highest level since January 2020…  Still, the jump in yields happened faster than most had anticipated and sparked significant volatility.  Rising interest rates can hurt stocks in several ways, from increasing corporate borrowing costs to offering investors an alternative means earning decent returns. The impact tends to be larger on growth stocks because investors deem uncertain future profits to be less valuable when they can get more guaranteed income from Treasurys. Higher yields also push up borrowing costs for consumers, highlighted last week by the average 90-year mortgage rate reaching a nearly two-year high at 3.22%.  Still, many investors are skeptical that the Fed will be able to raise rates to 2.5%. some point to the last economic expansion when the central bank did raise rates that high only to quickly retreat when growth started to falter and stocks fell sharply. | The Wall Street Journal | 01/10/2022 | Sam Goldfarb |
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| Rise in Yields Clips S&P, Blue Chips  *Down as much as 2.7%, Nasdaq reverses course and ends Monday up slightly* | But in a bright spot for investors, an afternoon rebound erased losses in technology stocks and pushed the Nasdaq composite to a small gain. The Nasdaq closed the day with an increase of 6.93 points, or less than 0.1%, to 14942.83.  The S&P 500 declined 6.74 points, or 0.1%, to 4670.29. It was the fifth consecutive day of losses for the broad market gauge. The Dow Jones Industrial Average fell 162.79 points, or 0.4%, to 36068.87, its fourth straight daily decline.  The choppy trading came as the yield on 10-year Treasury notes rose to 1.779%- its highest settlement level since January 2020…  Surging yields since the start of 2022 have sent a shudder through tech stocks.  Low rates helped fuel a huge rally in tech stocks last year…  Monthly consumer prices are expected to have risen more than 7% from a year earlier for the first time since 1982.  Futures markets reflect a more than 75% probability that the Fed will hike rates at its March meeting… | The Wall Street Journal | 01/11/2022 | Alexander Osipovich |
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| Global Growth Expected to slow in 2022 | The headwinds are expected to slow growth to 4.1% in 2022, down from 5.5% last year, which was the strongest post-recession pace in 80 years, according to the World Bank’s semiannual global Economic Prospects report. The report projects growth will slow further to 3.2% in 2023.  “At a time when governments in many developing economies lack the policy space to support activity if needed, new covid-19 outbreaks, persistent supply-chain bottlenecks and inflationary pressures, and elevated financial vulnerabilities in large swaths of the world could increase the risk of a hard landing,” the World Bank said.  The Washington-based World Bank, the world’s largest development bank, which is focused on eliminating global poverty, also said the global economy remains at risk to new variants of the virus because vaccine coverage is far lower in emerging-market and low-income countries than in advanced economies.  Even so, the slowdown is likely to affect most major economies. U.S. growth is expected to slow to 3.7% from 5.6%, according to the forecast, which projects China will slow to 5.1% from 8%.  The World Bank said it estimated that supply bottlenecks and labor shortages gradually would dissipate throughout 2022 and that in the second half of the year, inflation and commodity prices also gradually would decline. The underlying demand for durable goods, one force placing so much strain on supply chains, will likely moderate along with the slowing global economy. | The Wall Street Journal | 01/12/2022 | Josh Zumbrun |
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| Powell Ready to Raise Rates, But Sees Supply Woes Easing | Federal Reserve Chairman Jerome Powell called high inflation a “severe threat” to a full economic recovery and said Tuesday the central bank was preparing to raise interest rates because the economy no longer needed emergency support.  Mr. Powell said he was optimistic that supply-chain bottlenecks would ease this year to help bring down inflation as the Fed takes its foot off the gas pedal. But he told lawmakers at his Senate confirmation hearing that if inflation stayed elevated, the Fed was ready to step on the brakes. “If we have to raise interest rates more over time, we will,” he said. | The Wall Street Journal | 01/12/2022 | Nick Timiraos |
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| Stocks Gain After High Inflation Data  *Most of S&P 500’s industry sectors rise, with healthcare the lone exception* | The S&P 500 gained 13.28 points, or 0.3%, to 4726.35, off 1.5% from its record last week. The Dow Jones Industrial Average added 38.30 points, or 0.1%, to 36290.32. the Nasdaq Composite rose 34.94 points, or 0.2%, to 15188.39.  Fed chairman Jerome Powell on Tuesday called high inflation a “severe Threat” to a full economic recovery and said the central bank was preparing to raise interest rates because the economy no longer needed emergency support.  “I do think the markets are believing that inflation is on the cusp of peaking,” said Darrell Cronk, chief investment officer for wealth and investment management at Wells Fargo.  Trading has been choppy this week after a rocky start to 2022 that saw Treasury yields jump and tech stocks fall.  Analysts expect that profits from companies in the S&P 500 rose 22% in the fourth quarter from a year earlier, according to FactSet. | The Wall Street Journal | 01/13/2022 | Karen Langley and Caitlin Ostroff |
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| Ten-Year Treasury Yield Declines To 1.724% | Yields, which fall when bond prices rise, edged lower in early morning trading, then extended the decline after the Labor Department said the consumer-price index rose 7% in 2021… | The Wall Street Journal | 01/13/2022 | Sebastian Pellejero |
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| Biden’s Fix for Inflation Starts at Micro Level | Inflation is both the result of total spending running ahead of the economy’s capacity to supply goods and services (macro-economics) and idiosyncratic behavior in one industry or another (microeconomics).  Even if supply-chain disruptions recede, there is ample evidence that other, broader forces are at work on inflation.  Meanwhile, red-hot demand for workers and a labor pool shrunken by retirements and Covid-19 has led to rapid wage gains that, while great for workers, might prevent inflation from falling back to the Fed’s 2% target. | The Wall Street Journal | 01/13/2022 | Greg Ip |
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| Inflation Hits Fastest Clip Since ‘82  *Consumer prices rise by 7% as pandemic disruptions, consumer demand stay strong* | The so-called core price index, which excludes the often-volatile categories of food and energy, climbed 5.5% in December from a year earlier.  Stocks took the inflation news in stride, with the Dow Jones Industrial Average rising 0.1%, and the S&P 500 gaining 0.3%.  Today, the Covid-19 pandemic has caused supply-chain disruptions, and a shortage of goods and materials – particularly autos - coupled with strong demand from consumers flush with the benefits of government stimulus are behind the inflation surge.  Prices of used cars and trucks soared 37.3% in December from a year earlier…  Constance Hunter, chief economist at KPMG, expects the booming demand for goods to reverse in the first half of 2022, easing overall price pressure.  Fed Chairman Jerome Powell in congressional testimony Tuesday said he was optimistic supply-chain issues would ease this year. However, he noted that a smaller U.S. labor force “can be an issue going forward for inflation, probably more so than these supply-chain issues,” Mr. Powell said.  While wages advanced last year at a faster pace than before the pandemic, they didn’t increase enough to keep up with inflation, with average hourly wages rising 4.7% in December from a year earlier.  Wage increases are contributing increasingly to high inflation because they support higher spending… | The Wall Street Journal | 01/13/2022 | Gwynn Guilford |
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| One of Dirtiest Oil Patches Is Pumping More Than Ever  *Local producers have replaced multinationals in Canada’s oil sands* | Major oil companies, under pressure from investors and environmentalists, are fleeing Canada’s oil sands, the fourth-largest oil reserve in the world and by some measures one of the most environmentally unfriendly. Investment in existing projects has stalled, and banks are refusing to fund new ones.  “We will continue to see growth,” said Alex Pourbaix, chief executive of Calgary-based Cenovus…  Mr. Pourbaix said the worldwide push for renewable energy wouldn’t reduce oil’s importance as a cheap energy source anytime soon. “There’s no technology at all of scale that can replace what oil can do,” he said. “that’s just reality.”  The benchmark Wet Texas Intermediate oil price in the U.S., which fell to record lows in the spring of 2020, rose above $70 a barrel in June for the first time since 2018.  The sharp rise in prices has prompted even world leaders committed to reducing emissions to call for more production. President Biden asked the Organization of the Petroleum Exporting Countries last year to boost production… | The Wall Street Journal | 01/14/2022 | Vipal Monga |
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| German Slowdown Signals global Woes | Germany’s economy hit the brakes at the end of last year as the export powerhouse was slammed by global supply-chain bottlenecks, surging material prices and weakness in its biggest trading partner, China.  With its outsize dependence on world trade and the critical role it plays in global supply chains, the German economy has emerged as a barometer for a number of global issues…  The softness in Germany, which represents nearly one-third of the eurozone’s output is weighing on the continent’s recovery from the cofid-19 pandemic.  For 2021 as a while, German GDP grew by about 2.7% year-over-year, leaving it 2% below its 2019 level. That compares with estimated growth of 5% for the wider eurozone and 5.8% for the U.S. last year, the agency said.  Meanwhile, German inflation surged to 5.3% in December, its highest level in almost three decades… | The Wall Street Journal | 01/15-16/2022 | Tom Fairless |
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| Dow, S&P And Nasdaq Rack Up More Losses | The stock market’s winter selloff deepened this past week, pushing all three major indexes further into the red for 2022.  The S&P 500 and Dow Jones Industrial Average both fell a second straight week, while the Nasdaq composite has been down the last three. Investors continued to sell bonds, pushing the yield on the benchmark 10-year U.S. Treasury note up for a fourth straight week, notching its biggest rise over that stretch since Mid-March. | The Wall Street Journal | 01/15-16/2022 | Michael Wursthorn and Caitlin Ostroff |
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| Profits Ebb for Large American Banks | The tumultuous pandemic economy sent big-bank profits to great heights. They’re coming back down to earth.  JPMorgan shares fell 6.1%, and Citigroup fell 1.3%. the lackluster earnings, along with weak retail sales and manufacturing data, sent most of the market lower on Friday until a late session buying rush pushed the S&P 500 and Nasdaq back into positive territory.  Banks have enjoyed unparalleled growth during the pandemic, buoyed by a deal-making boom, market volatility that supercharged trading arms and a housing market that made mortgage lending more profitable than ever. | The Wall Street Journal | 01/15-16/2022 | David Benoit and Orla McCaffrey |
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| The Bond Market’s Sober Economic Prediction | …it is easy to forget how different the world was before the pandemic. The global environment then was marked by sluggish growth, lackluster investment, worryingly low inflation and low interest rates.  Which could be where the U.S. is headed again.  The bond market seems to be betting on it. Even with U.S. inflation at a near-40 year high of 7%, 10-year Treasury yields are below 2%. Real bond yields – that is, adjusted for expected future inflation – are negative 0.2%...  Several years ago, former Treasury Secretary Larry Summers argued that a persistent investment shortfall amid a glut of global savings was holding down both growth and interest rates, a situation he called “secular stagnation,” a term first used in the 1930s.  What if investment and economic growth weaken, but inflation stays high? If inflation settles at, say, 3.5%, as some economists expect, then bond yields could also double to 3.5% with real rates remaining zero. In the U.S., though, high and volatile inflation eventually led to higher real interest rates… | The Wall Street Journal | 01/18/2022 | Greg Ip |
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| Economists Cut Back Growth Forecasts as Threats Pule Up | The outlook for economic growth in the first quarter and 2022 in darkening amid the latest wave of Covid-19, as consumers grapple with high inflation and businesses juggle labor and production disruptions.  Forecasters surveyed by The Wall Street Journal this month slashed their expectations for growth in the first quarter by more than a percentage point, to a 3% annual rate from their forecast of 4.2% in the October survey.  The economy faces a delicate balancing act this winter, economists say, as the rapid spread of the Omicron variant threatens to dent consumer spending and exacerbate labor and supply-chain shortages as workers call out sick.  Meantime, the Federal Reserve is under pressure from businesses and consumers to tame inflation, which recently hit its fastest pace in nearly four decades.  Spiraling inflation could force the central bank to aggressively raise short-term interest rates, risking a recession.  “This is the first time the Fed has chased inflation in decades,” said Diane Swonk, chief economist at Grant Thornton. “the largest risk is that the Fed could panic and overshoot” by raising rates more quickly than the current level of inflation warrants, she said. | The Wall Street Journal | 01/18/2022 | Harriet Torry and Anthony DeBarros |
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| Beijing Moves to Cushion Economy As Risks Worsen | Officials said on Monday the economy expanded by 4% in the last three months of 2021, the slowest pace since the beginning of the covid-10 recovery in the second quarter of 2020.  While the country’s gross domestic product expanded by 8.1% in 2021 from a year ago, the figure “masks a significant loss of growth momentum,” said Eswar Prasad, a professor of trade policy and economics at Cornell University… | The Wall Street Journal | 01/18/2022 | Stella Yifan Xie |
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| Giant Stock Swings Send Some Into Bear Territory | More than 220 U.S.-listed companies with market capitalizations above $10 billion are down at least 20% from their highs. While some have bounced from their lows, many remain in bear-market territory. They include S&P 500 behemoths like Wall Disney Co., Netflix Inc., Salesforce.com Inc. and Twitter Inc.  The tech-heavy Nasdaq composite has been particularly turbulent. Around 39% of the stocks in the index have at least halved from their highs…  Analysts expect S&P 500 companies’ profits to rise 22% in the fourth quarter from a year earlier, much lower than in the past few quarters, when results were being compared with big glosses during the pandemic.  Tech stocks are expected to record lower profit growth than the broader index. | The Wall Street Journal | 01/18/2022 | Gunjan Banerji and Peter Santilli |
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| What’s News | ♦ U.S. stock indexes fell and bond yields hit two-year highs. The S&P 500, Nasdaq and Dow slid 1.8%, 2.6% and 1.5%, respectively. The yield on the 10-year Treasury note ticked up to 1.866%. | The Wall Street Journal | 01/19/2022 |  |
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| Oil Prices Hit 7-Year High | Crude prices rose to their highest level since the 2014 shale-induced oil crash…  Futures for West Texas Intermediate, the main grade of U.S. crude, added $1.61 per barrel, or 1.9%, to $85.43 on Tuesday. That marks the highest closing level since October 2014, when oil prices were moving in the opposite direction as a gusher of U.S. crude flooded the market.  Among the factors driving the rally are concerns that tensions in the Middle East and Europe will spill into energy markets… | The Wall Street Journal | 01/19/2022 | Joe Wallace |
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| Higher Bond Yields Batter Stocks  *Tech shares drag Nasdaq closer to bear territory, with 3 major indexes in red for year* | Stocks indexes fell Tuesday and bond yields hit two-year highs as investors fretted over whether the Federal Reserve would raise interest rates more quickly and aggressively than expected.  The drawdown was even worse among shares of technology companies and other high-growth firms.  Meanwhile, the yield on the benchmark 10-year Treasury note ticked up to 1.866% - its highest level in two years – from 1.771% Friday. Yields rise when bond prices fall.  All three stock benchmarks are in the red for 2022, with the Nasdaq down 7.3%. | The Wall Street Journal | 01/19/2022 | Michael Wursthorn and Caitlin Ostroff |
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| Expected Fed tightening Weighs on Crypto Market | Like stocks, cryptocurrencies have extended a selloff to start the year because of expectations that the central bank will raise interest rates as early a March.  Bitcoin, the largest cryptocurrency, is down 9.9% year to date, according to CoinDesk, and the second-largest, ether, is down 16%.  On Wednesday, bitcoin fell 1.6% to $41,739. | The Wall Street Journal | 01/20/2022 | Paul Vigna |
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| Nasdaq Hits Correction Territory  *S&P 500 and Dow lose 1% as investors adjust portfolios for higher interest rates* | The technology-heavy Nasdaq Composite shed 166.64 points, or 1.1%, to 14340.26. It finished the day 10.7% below its all-time closing high, set in November. A decline of greater than 10% is considered a correction for a stock index  The S&P 500 fell 44.35 points, or 1%, to 4532.76. the Dow Jones Industrial Average lost 339.82 points, or 1%, to 35028.65.  In the first weeks of January, many investors have started dumping shares of technology companies and piling into other corners of the market in anticipation of rising interest rates.  Recent volatility is “really all about inflation and how aggressive central banks are going to be to counteract it,” said Brian O’Reilly, head of market strategy at Mediolanum Asset Management, adding that inflation could also curtail economic growth by knocking consumption.  Yields on benchmark 10-year Treasury notes slipped to 1.826% from 1.866% Tuesday…. | The Wall Street Journal | 01/20/2022 | Gunjan Banerji and Joe Wallace |
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| Stocks Post Worst Week in 2 Years  *Inflation concerns, Fed rate expectations encourage investors to seek safer assets* | All three major U.S. stock indexes fell for a third consecutive week, continuing their slide to start 2022, with investors worried about the prospect of higher interest rates and their effect on valuations.  The S&P 500 and Nasdaq composite index wrapped up their worst weeks since March 2020; the Nasdaq has fallen for four weeks in a row. The Dow Jones Industrial Average finished its worst weekly performance since October 2020.  The prospect of higher rates has particularly hit highflying tech stocks and shares of unprofitable companies, shoving the Nasdaq into correction territory. Meanwhile, oil and yields on government bonds have climbed in 2022.  Investors largely expect that the Federal Reserve will raise interest rates several times this year to combat inflation, which has weighed on stocks.  …said Jonathan Golub, chief U.S. equity strategist and head of quantitative research at Credit Suisse. “They’re not really hikes, but signals that a big rate of change is coming.”  Mr. Golub remains optimistic about equity markets, citing a year-end target of 5200 for the S&P 500, about 5.3% higher than Wall Street strategists’ average target.  Cryptocurrencies tumbled, with bitcoin falling 11% to $86,689.39, its lowest 5 p.m. ET level since July 25. Ether declined 15%. | The Wall Street Journal | 01/22-23/2022 | Hardika Singh an Anna Hirtenstein |
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| Bitcoin Follows Stocks’ Tumble | Bitcoin, the world’s largest cryptocurrency by market value, fell below $37,000 Friday to its lowest dollar value since August 2021, according to Coin-Desk.  It settled at $36,689.39, down 11% from Thursday and down 46% from its record in November 2021.  Cryptocurrencies and stocks have fallen together since the start of the year, responding to investor worries about how a series of expected Federal Reserve interest-rate increases will ripple through markets.  Shares of cryptocurrency stocks, which tend to track performance of bitcoin, also fell. Cryptocurrency exchange Coin-base Global dropped 13%. | The Wall Street Journal | 01/22-23/2022 | Caitlin Ostroff |
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| What’s News | ♦ Microsoft, Apple and Tesla are among companies headlining a busy earnings week that comes as investors look for reassurance after the Nasdaq notched a 12% decline to start the year. | The Wall Street Journal | 01/24/2022 |  |
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| Bonds Yields Fuel Stock Swoon | Investors pay close attention to yields on TIPS because they gauge financial conditions, indicating whether borrowing costs for businesses and consumers are rising or falling when stripping out the effect of expected inflation.  Often referred to as real yields, yields on TIPS have been deeply negative since the early days of the cofid-19 pandemic, helping to fuel outsize stock-market gains by pushing investors into riskier assets… | The Wall Street Journal | 01/24/2022 | Sam Goldfarb |
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| Fear of a Rate Rise Sinks Muni Market to Start Year | Municipal bonds are off to their worst start since 2011.  The early-year bond rout has dragged returns on the S&P Municipal Bond Index to minus 1.1% through Jan. 20… | The Wall Street Journal | 01/24/2022 | Heather Gillers |
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| Stocks Erase Steep Losses In Volatile Day | Major U.S. stocks indexes registered a massive comeback Monday to close higher after the Dow industrials were down more than 1,100 points at midday.  Behind the volatility was investor anxiety over the Federal Reserve and how quickly it will move to combat inflation, and how that action will ripple through asset prices.  Investors are bracing for a Fed meeting this week in which the U.S. central bank is expected to shed more light on its plans for boosting short-term rates and reducing the size of its balance sheet.  By the end of the day, the Dow Jones Industrial Average had gained 99.13 points, or 0.3% to close at 34364.50. the Dow had never before closed positive after being down at least 1,000 points. The Nasdaq advanced 86.21, or 0.6%, to close at 13855.13.  Some traders said that heavy options trading and positioning among traders during the weeks of heavy selling this month helped stoke the volatility.  The S&P 500 climbed 12.19 on Monday to 4410.13.  The yield on 10-year Treasury notes fell to 1.735% from 1.747% Friday… | The Wall Street Journal | 01/25/2022 | Alexander Osipovich, Gunjan Banerji and Joe Wallace |
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| Fed Steps Up Talks on Shrinking Its Balance Sheet | Federal Reserve officials are set to resume discussions this week over how fast they will shrink their nearly $9 trillion bond portfolio when the time comes, which would serve as a tool for tightening monetary policy as they try to curb high inflation. | The Wall Street Journal | 01/25/2022 | Nick Timiraos |
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| Bitcoin Rallies After Early Losses  *Cryptocurrency trades at just under $37,000 after falling to below $33,000 in morning* | That extended its selloff to a more than 50% from its record high of $68,990.90, set on Nov. 10.  Cryptocurrencies have been swept up in a broad market selloff hitting riskier assets, especially technology companies.  Some cryptocurrencies have fallen even further than bitcoin. Ether, the second-most popular digital currency, is down 50% from the last record it notched, also in November. | The Wall Street Journal | 01/25/2022 | Anna Hirtenstein |
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| Investors Pile Into Gold for Safety | Rising geopolitical tensions in Europe and a slide in major U.S. stock indexes has sent investors rushing into the haven metal.  “Gold thrives on uncertainty, and we’ve got that by ladle full,” said Rhona O’Connell, head of market analysis EMEA & Asia at StoneX. She estimates that gold will trade at an average of $1,900 a troy ounce in the second half of 2022. | The Wall Street Journal | 01/26/2022 | Hardika Singh |
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| Russell 2000 Sags as Profitless firms Fade | The prospect of rising interest rates has been especially hard on the Russell 2000 small-cap index, in large part because of the high proportion of small-caps that aren’t making money.  During the market selloff of recent weeks, investors have been shedding speculative investments from tech stocks to cryptocurrencies.  The companies in small-cap index funds tend to have less-diversified business lines and more of a chance of not turning a profit.  Companies making up 31% of the Russell 2000 were unprofitable as of the end of 2021…  By contrast, 5.7% of the Russell 1000 index of larger firms was made up of companies without earnings. | The Wall Street Journal | 01/26/2022 | Karen Langley |
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| Junk Loans Shine Amid Market Rout | Fear of rising interest rates has shaken most markets this month, with a notable exception: junk-rated corporate loans.  The $1.3 trillion market for leveraged loans gained 0.66% this year through Friday, while tech stocks lost as much as 12% and typically safe debt such as municipal bonds and Treasurys also fell.  Companies that borrow leveraged loans pay floating interest rates, which rise when the Fed tightens monetary policy. Interest payments on most bonds are fixed, causing their prices to fall when prevailing rates climb. | The Wall Street Journal | 01/26/2022 | Matt Wirz |
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| IMF Downgrades 2022 Growth Forecast | The pace of economic growth both in the U.S. and globally is likely to decline more sharply than previously expected, the International Monetary Fund says in its latest forecast, citing inflation, fallout from the Omicron variant and chronic supply-chain problems.  The global economy will expand a predicted 4.4% this year, the IMF said Tuesday in its World Economic Outlook. That figure is down from an estimated 5.9% in 2021 and is a downgrade of one-half of a percentage point from its last projection in October.  The decline will be steeper in the U.S.-4% in the coming year, a 1.2 percentage-point downgrade from the October estimate – the largest downgrade for any major country or major group of countries for which the IMF provides forecasts.  U.S. inflation hit 7% in December, the Labor Department reported this month, the highest reading since 1982.  The U.S. outlook was also slashed because the Federal Reserve is planning to raise interest rates and because the economy is no longer likely to receive any boost from President Biden’s Build Back Better budget proposal, which has stalled in Congress. | The Wall Street Journal | 01/26/2022 | John Zumbrun |
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| Market Drops as Turbulent Trading Persists | U.S. stock indexes declined, partly recovered and then retreated again in a second straight day of tumultuous trading, highlighting investor anxiety over the likely path of Federal Reserve interest-rate increases ahead of the central bank’s regular meeting.  Tuesday’s trading continues a topsy-turvy start to 2022 for stocks, which has dragged the S&P 500 down 8.6%, on track for the worst month since March 2020, at the onset of the pandemic.  All three major indexes fell Tuesday, though they closed well off session lows. The S&P 500 fell 53.68 points, or 1.2%, to 4356.45. The technology-heavy Nasdaq Composite lost 315.83, or 2.3%, to 13539.29. The blue-chip Dow Jones Industrial Average at one point was down nearly 820 points before closing down 66.77, or 0.2%, to 34297.73.  The S&P 500 fell as much as 2.8% before staging a recovery. | The Wall Street Journal | 01/26/2022 | Gunjan Banerji and Will Horner |
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| Yield Rise on March Rate-Hike Plan | The yield on the benchmark 10-year Treasury note finished Wednesday’s session at 1.845%...  The two-year yield, which often moves with investors’ expectations for central bank policy, settled at 1.098%, from 1.025% Tuesday – its highest closing level since February 2020…  Fed officials held short-term rates near zero, while signaling they are preparing to raise them at their next gathering in mid-March. They also approved a last round of asset purchases and resumed discussions over how and when to start cutting the central bank’s $9 trillion portfolio of Treasury and mortgage securities.  Yields, which rise when bond prices fall, were little changed after the release of the Fed’s policy statement, then started to climb during Fed chairman Jerome Powell’s subsequent press conference, particularly among short- and medium-term Treasurys.  The move helped spark wild swings in the stock market and steep declines in speculative bets, including unprofitable technology companies and cryptocurrencies. | The Wall Street Journal | 01/27/2022 | Sebastian Pellejero |
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| Fed Set to Start Increasing Rates By Mid-March | The Federal Reserve signaled it would begin steadily raising interest rates in mid-March, its latest move toward removing stimulus to bring down inflation.  The Dow Jones Industrial Average finished down 129.64 points, or 0.4%. Yields on 10-year Treasury securities climbed as investors anticipated a more aggressive path of rate rises.  Mr. Powell left the door open to raising rates at consecutive policy meetings, which are held about every six weeks.  Brisk demand for goods and shortages for intermediate goods such as semiconductors have pushed inflation to its highest 12-month readings in decades. Consumer prices rose 5.7% in November from a year earlier, according to the Fed’s preferred gauge, and easily surpassed the Fed’s first objective.  Mr. Powell said that since the Fed’s last meeting inflation probably appeared slightly worse than expected. “To the extent the situation deteriorates further, our policy will have to address that,” he said. | The Wall Street Journal | 01/27/2022 | Nick Timiraos |
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| Economy Caps Strong Year as Worries Lurk | The U.S. economy grew rapidly in the fourth quarter of last year, advancing to a 6.9% annual rate, capping the strongest year of growth in nearly four decades…  The gain reflected solid spending by households, much of it occurring early in the quarter, and companies pushed to rebuild depleted inventories as they try to overcome persistent supply shortages. | The Wall Street Journal | 01/28/2022 | Josh Mitchell |
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| Behind Stock Market Turmoil: A Sharp Investor U-Turn | Major U.S. stock indexes have dropped between 6% and 15% in January, through Thursday…  Wall Street’s fear gauge, the Cboe Volatility Index of expected market swings, has almost doubled this year. Some well-known hedge funds are down 10% or more, said people familiar with the results.  Driving the tumult are expectations the Fed will raise interest rates for the first time since 2018, likely setting off a series of increases over the next couple of years. | The Wall Street Journal | 01/28/2022 | Gregory Zuckerman, Gunjan Banerji and Michael Wursthorn |
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| Forecasts Rise For Return of $100 Barrel of Oil | Wall Street’s summer forecast calls for $100 oil.  A barrel hasn’t cost that much since the summer of 2014, before OPEC launched a price war with U.S. shale producers and sent oil prices into a yearslong slump. Early in the pandemic, prices fell to uncharted depths.  The benchmark U.S. barrel has added another 15% to start this year ending Thursday at $88.61.  Analysts expect oil demand to return to pre-pandemic levels that year and say that prices need to rise higher yet to entice U.S. producers to drill more wells and to discourage consumption that has been unbowed by the highest gasoline prices in years.  “The oil market is heading for simultaneously low inventories, low spare capacity and still low investment,” Morgan Stanley analysts wrote in a research note…  The case for $100 oil rests on consumption that is increasingly unconstrained by Covid-19, diminishing stock- piles among industrialized nations and doubt that the Organization of the Petroleum Exporting Countries can increase production as it has promised the market. | The Wall Street Journal | 01/28/2022 | Ryan Dezember |
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| Wages Grow at Fastest Pace in 21 Years | Employers spent 4% more on wages and benefits last year as workers received larger pay raises in a tight labor market, rebounding economy and period of accelerating inflation, marking an increase not seen since 2001.  Still, the figures offered a sign that labor-cost increases could be easing, with the Labor Department reporting a seasonally adjusted 1% rise in compensation for the fourth quarter, down from with a 1.2% increase the previous three months. | The Wall Street Journal | 01/29-30/2022 | Gabriel T. Rubin |
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| Stocks Rally to End Three-Week Slump | The S&P 500 and Dow Jones Industrial Average snapped three-week losing streaks and the Nasdaq rose more than 3% on the day to finish a wild week flat.  At the same time, traders said they expect more volatility as corporate earnings continue to grab headlines and investors keep a close eye on factors such as interest rates and economic data.  The S&P gained 105.34 points, on Friday, or 2.4%, to close at 4431.85. The Dow rose 564.69 points, or 1.7%, to 34725.47… | The Wall Street Journal | 01/29-30/2022 | Alexander Osipovich and Joe Wallace |
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| Economy Can Grow in Falling Market | The past few weeks of stock-market turmoil don’t mean the economy is about to be derailed, but rather that the recovery is maturing and no longer needs low interest rates, economists and Federal Reserve officials say.  Between its trough in March 2020 and its all-time high Jan. 3, the S&P 500-stock index soared 114%. Now, despite the economy growing more in 2021 than at any time since 1984, the S&P 500 index is down about 8% from that peak.  While economists surveyed by The Wall Street Journal this month put the probability of recession in the next 12 months at just 18%, they do see growth slowing sharply this quarter.  The spread between short- and long-term bond yields, called the yield curve, has also shrunk, which usually signals slowing growth.  In the short-term however, Matthew Luzzetti, chief U.S. economist at Deutsche Bank Securities, said lower asset prices could, along with the end of federal child tax credit payments and the continued grip of covid-19, erode consumer confidence.  Lower stock prices may have a positive side: By cooling demand, they may also take some pressure off inflation. Mr. Luzzetti said lower asset prices could also make retirement less attractive for some older workers, which could ease a labor shortage when the unemployment rate is at a historically low 3.9%. | The Wall Street Journal | 01/31/2022 | David Harrison |

An estimated 30,100 soldiers and veterans died by suicide while or after serving in Afghanistan, Iraq, and other fronts of the War on Terror since 2001. That’s more than four times the number who died in combat. *The Hill, June 22, 2021*

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