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| **RESOURCE LOG – MAY 2022** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
| China Faces Sharp Economic Slowdown  *Analysts see worrisome sings of slower growth, with global repercussions* | Throttled by Beijing’s zero-tolerance approach to Covid-19, China’s economy is facing a spell of slower growth. Economists are toying with the term “recession” to describe it.  Business confidence has fallen. Imports have plummeted and nervous Chinese are socking away more savings. | The Wall Street Journal | 05/02/2022 | Jason Douglas, Stella Yifan Xie and Selina Cheng |
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| Stocks Stage Late Rally Ahead of Fed | The S&P 500 rose 23.45 points, or 0.6%, to 4155.38. the Dow Jones Industrial Average added 84.29 points, or 0.3%, to 33061.50. The Nasdaq composite Index jumped 201.38 points, or 1.6%, to 12536.02.  With four months in the books, the stock market is putting in its worst performance in decades. The S&P 500, down 13% this year…  Investors are awaiting the Federal Reserve’s policy meeting Wednesday for more signals on the pace of monetary tightening…  Earnings season has been reasonably strong so far, with more than 80% of companies that have reported beating analysts’ expectations, according to Refinity.  Traders also are monitoring lockdowns in China and looking ahead to a meeting of the OPEC+ alliance later this week, where members are set to discuss its supply agreement. | The Wall Street Journal | 05/03/2022 | Anna Hirtenstein and Paul Vigna |
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| Bond Yield Reaches 3% Milepost | The worst bond rout in decades hit a milestone Monday, with the yield on the 10-year Treasury reaching 3% for the first time since late 2018.  A reference for borrowing costs on everything from mortgage to student loans, the yield last closed above 3% in November 2018 and has jumped from 1.496% at the end of last year.  Prices for Treasurys, corporate bonds and municipal debt have slumped this year in response to the Fed’s moves to raise interest rates to rein in inflation. The Bloomberg U.S. Aggregate bond index – largely U.S. Treasurys, highly rated corporate bonds and mortgage-backed securities – returned minus 9.5% this year as of April 29.  Yields on Treasurys largely reflect investors’ expectations for short-term interest rates over the life of a bond.  Investors are unlikely to get much relief until inflation concerns abate…  While bond yields remain low historically, they still represent a remarkable turnaround from the early days of the covid-19 pandemic, when the 10-year yield dropped as low as 0.5%. | The Wall Street Journal | 05/03/2022 | Sam Goldfarb and Heather Gillers |
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| What’s News | ♦ The yield on the benchmark 10-year Treasury note on Monday reached 3% for the first time since late 2018 before settling at 2.995%, up from 2.885% Friday. | The Wall Street Journal | 05/03/2022 |  |
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| What’s News | ♦ Home prices continued to surge in virtually every corner of the U.S. during the first quarter as mortgage rates rose rapidly. | The Wall Street Journal | 05/04/2022 |  |
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| In Investor Dilemma, Stocks and Bonds Fall In Tandem | Stocks and bonds are falling in tandem at a pace not seen in decades, leaving investors with few places to hide from the market volatility.  Through Monday, the S&P 500 was down 13% for 2022 and the Bloomberg U.S. Aggregate bond index – largely U.S. Treasurys, highly rated corporate bonds and mortgage-backed securities – was off 10%. That puts them on track for their biggest simultaneous drop in Dow Jones Market Data going back to 1976.  This year’s declines have dealt a blow to the 60/40 portfolio model – a mix of 60% stocks and 40% bonds that has long been advertised as offering strong returns and hedging against the expected occasional pullback in stocks, which typically are viewed as being much riskier than bonds. | The Wall Street Journal | 05/04/2022 | Gunjan Banerji |
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| Fed Rate Rise Is biggest Since 2000  *Plan to shrink portfolio kicks inflation fight into higher gear; stocks rise on reassurances* | …Fed’s rate-setting committee will raise the central bank’s benchmark federal funds rate to a target range between 0.75% and 1%.  Fed Chairman Jerome Powell said at a news conference that officials broadly agreed that additional half-point increases could be warranted in June and July given current economic conditions. That would lift the rate to a range last seen in 2019, before the pandemic prompted the central bank to open its monetary spigots…  [  Bond and stocks prices rallied Wednesday after Mr. Powell said officials aren’t considering an even larger increase of three-fourths of a percentage point, or 75 basis points… | The Wall Street Journal | 05/05/2022 | Nick Timiraos |
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| Ukrainians Reclaim Villages, Easing Pressure on Kharkiv | Another setback for Russia came when the European Union proposed on Wednesday a ban on Russian crude and refined oil products, and prepared to impose sanctions on Russian military figures…  Europe stocked up on oil and natural gas. Brent crude futures for July delivery on Wednesday gained $5.17 per barrel, or 4.93%, to $110.14. | The Wall Street Journal | 05/05/2022 | Yaroslav Trofimov |
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| Trade Deficit Climbs to Record | Inflation, supply imbalances and strong demand for imported goods widened the U.S. trade deficit by 22.3% to a record in March, with clothing, computers, and vehicles driving the increase. | The Wall Street Journal | 05/05/2022 | Source: Census Bureau |
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| China’s Covid-19 Lockdowns Reignite Supply-Chain Woes | Some U.S. companies are warning that Covid-19 lockdowns in Shanghai and elsewhere in China are denting sales, disrupting operations and putting added strain on supply chains that could be felt well into the summer. | The Wall Street Journal | 05/05/2022 | Thomas Gryta |
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| Stocks Soar on Interest-Rate Relief | Stocks rallied, scoring their biggest one-day gain since 2020 after Federal Reserve Chairman Jerome Powell put to rest investors’ fears that the central bank might be considering bigger interest-rate increases in the coming months.  Stocks soared after Mr. Powell’s remarks, with the Dow Jones Industrial Average finishing up 932.27 points, or 2.8%, to 34061.06, marking tis biggest one-day gain since November 2020. The S&P 500 jumped 124.69 points, or 3%, to 4300.17 for its best day since May 2020, while the Nasdaq Composite added 401.10 points, or 3.2%, to 12964.86.  “There’s a sense of relief,” said Christopher Smart, chief global strategist and head of the Barings Investment Institute.  “There’s a feeling they’re heading into the right direction.” he said. The central bank, he said, has shown it is taking inflation seriously but not giving the impression that it will surprise investors with the size of subsequent rate increases. | The Wall Street Journal | 05/05/2022 | Akane Otani and Caitlin Ostroff |
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| Bond Yields Fall After Powell Talk | Rising rate expectations have led to a brutal few months for bond investors, dragging down the prices of Treasurys, corporate bonds and municipal debt while lifting the 10-year Treasury yield from 1.496% at the end of last year. The Bloomberg U.S. aggregate bond index – largely U.S. Treasurys, highly rated corporate bonds and mortgage-backed securities – has returned minus 9.9% this year as of May 3.  The yield on the benchmark 10-year U.S. Treasury note settled at 2.914%...  The two-year yield, seen as particularly sensitive to the near-term interest-rate outlook, fell to 2.614% from 2.768% Tuesday. | The Wall Street Journal | 05/05/2022 | Sam Goldfarb and Amara Omeokwe |
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| Yellen Notes Risks to U.S. Economy | Treasury Secretary Janet Yellen said the U.S. economy remains strong despite the fact that it shrank in the first quarter of this year, adding that both persistently high inflation and spillovers from the war in Ukraine present economic risks.  “the outlook is very uncertain. The dangers at the global level are high,” she said. “I do worry about commodity prices… | The Wall Street Journal | 05/05/2022 | Andrew Duehren |
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| Investors Find Safety In Overlooked Stocks That Pay Dividends | Shares of companies pay8ing big dividends to investors have trounced practically everything else this year.  The iShares Core High Dividend exchange-traded fund, which tracks 75 such stocks, is up 3.9% this year.  Some investors worry the Fed’s increases could cause a recession.  That has drawn investors into shares of big dividend payers, which promise to deliver a steady stream of cash in the near term.  A bonus? Many dividend payers are in industries like utilities, telecommunications and consumer staples… | The Wall Street Journal | 05/06/2022 | Akane Otani |
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| Stocks Dive In Dizzying About-Face | The stock market took its biggest U-turn since the early days of the pandemic on Thursday, with the Dow Jones Industrial Average posting its largest decline this year just 24 hours after its largest gain since 2020.  The reversal wiped out the euphoria that reigned on Wall Street Wednesday in the wake of Federal Reserve Chairman Jerome Powell’s comment that the Fed wasn’t “actively considering” raising interest rates by 0.75 percentage point at a future meeting.  The optimism behind that rally was long gone Thursday, when selling was widespread, though most intense in the technology shares that have fallen on hard times in 2022 after years of leading th3e market advance.  Assets that investors perceive as safer were among those to rally as money managers looked for havens.  The dollar’s status as the world’s reserve currency makes it a particularly attractive haven.  Gold prices climbed, rising 0.4% to $1,874 a troy ounce. | The Wall Street Journal | 05/06/2022 | Caitlin McCabe and Hardika Singh |
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| Mortgage Rates Reach 13-Year High | The average rate for a 30-year fixed-rate home loan rose to 5.27% from 5.1% a week earlier, housing-finance giant Freddie Mach said Thursday.  Mortgage rates are closely tied to the yield on the 10-year U.S. Treasury, which tends to rise in tandem with the Fed’s benchmark rate.  MBA chief economist Mike Fratantoni said on Wednesday that mortgage rates are likely to plateau near current levels. | The Wall Street Journal | 05/06/2022 | Charley Grant |
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| Stocks End Tumultuous Week With Declines | Stocks ended a wild week with modest declines, extending a selloff that has dragged the S&P 500 to its longest weekly losing streak in more than a decade.  The S&P 500 on Friday shed 23.53 points, or 0.6%, to 4123.34, capping a fifth consecutive week of losses, the longest streak since June 2011. The technology-heavy Nasdaq Composite lost 173.03 points, or 0.3%, to 32899.377, after slumping more than 1,000 points Thursday, its worst day since 2020.  Adding to the pain for many investors: Stocks and bonds have recorded big, simultaneous losses, in bond markets, the yield on the benchmark 10-year U.S. Treasury note rose to 3.124%, the highest level since November 2018. Bond yields rise as prices fall.  Brent crude, the global oil benchmark, rose 4.9% this week to $112.39 a barrel…  Gold prices fell 1.5% this week to $1881.20 a troy ounce. | The Wall Street Journal | 05/07-08/2022 | Gunjan Banerji and Will Horner |
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| Economy Extends Strong Hiring Growth | The economy added 428,000 jobs in April, duplicating March’s increase and marking the 12th straight month of gains above 400,000, the Labor Department said Friday. The unemployment rate remained at 3.6%, just a shade above the prepandemic level of 3.5%, a half-century low.  Wage growth cooled a bit but remained robust, with workers’ average hourly earnings up 5.5% over the past year…  Friday’s report included a puzzling decline in the labor force – the first since September – as 363,000 people retreated to the sidelines… | The Wall Street Journal | 05/07-08/2022 | Josh Mitchell |
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| Defensive ETFs Attract Investors Amid Turmoil | Behind the energy group, which has climbed about 45% this year, the utilities and consumer staples segments are the best performers in the S&P 500 this year, with utilities up0.7% and staples off 0.6%, respectively. The tech sector has dropped 19%, and the communication-services group – which includes technology-driven companies, like Netflix Inc., Alphabet Inc. and Facebook parent Meta Platforms Inc. – has fallen 25%.  Tech stocks are especially sensitive to rising rates because they are valued based on expectations of growth far into the future.  Other investors who are betting that inflation will remain elevated are turning to commodities focused funds.  The VanEck Gold Miners ETF has rising 6.8% this year and received $432 million in net flows in April, the most since June 2021. The Invesco DB Commodity Index Tracking Funs, which holds commodities futures in energy, precious metals, industrial metals and agriculture sectors categories, is up 36%. | The Wall Street Journal | 05/07-08/2022 | Hardika Singh |
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| Ports Race to Avoid New Pains | Recent lockdowns in cities across China have weighed on factory activity, which in April fell to the lowest level since the early days of the Covid outbreak.  Some U.S. companies are warning that lockdowns in Shanghai and elsewhere in China are denting sales, disrupting operations and putting added strain on supply chains that could be felt well into the summer. | The Wall Street Journal | 05/07-08/2022 | Costas Paris |
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| Market’s 2022 Slide Has Already Changed Investor Behavior | The 2022 pullback in U.S. stocks intensified last week, with stocks on Thursday staging their largest single-day decline since the onset of the pandemic.  Portfolio managers say advancing rates will tend to benefit dividend-paying stocks, for instance, while adding to the pressure on speculative trades that were popular and profitable when money was free.  The breadth of the market’s selloff has been striking. Few stocks have been spared.  The rout has dragged stock-market valuations lower.  Even after recent drawdowns, though, the S&P 500 still looks expensive relative to its valuations over the past decade. The S&P 500 traded last week at 17.7 times its projected earnings over the next 12 months, according to FactSet, above its 10-year average of 17.1 times earnings.  **Options buzz fades**  As stocks have tumbled, investors have tempered their enthusiasm for risky bets in the options market.  **Cryptocurrencies slide**  Other risky markets have taken a hit. Bitcoin prices peaked this year in March and have generally fallen since then to trade around $36,000.  **Pessimism grows**  As the rout has left money managers with few places to hide, surveys have shown individual investors becoming increasingly pessimistic about the s tock market.  After factoring in price increases, the S&P 500’s earnings yield has fallen dramatically. That has made it harder for investors to justify paying a premium to own stocks over other investments, Morgan Stanley Wealth Management said. | The Wall Street Journal | 05/07-08/2022 | Akane Otani, Karen Langley and Gunjan Banerji |
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| The Upside to the Bond Market’s Beatdown  *The four-decade-long bull market in bonds is over, but that doesn’t mean you should dump them* | So far in 2022, with inflation raging, bonds have lost 10% - among the worst returns in U.S. history.  …the worst for bond investors might already be ending.  The U.S. bond market has had positive returns, before inflation…  Almost never has the U.S. bond market lost as much money as in the first four months of 2022, according to Edward McQuarrie, an emeritus professor of business at Santa Clara University who studies asset return over the centuries.  Long-term Treasury bonds lost more than 18% this year through April 30. That surpasses the previous record, a loss of 17% in the 12 months ended in March 1980…  Inflation is like kryptonite for bonds, whose interest payments are fixed and thus can’t grow to keep pace with rises in the cost of living.  Over some long periods, such as the 20 years ended in March 2020, bonds earned even higher returns than stocks…  But a gradual rise in rates isn’t bad for bond investors – so long as inflation comes under control.  If your recent losses make you feel like bailing out on bonds, remember why you own them. Bonds aren’t meant to make you rich; they keep you from becoming poor while paying you some income along the way. | The Wall Street Journal | 05/07-08/2022 | Jason Zweig |
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| What’s News | ♦ The cryptocurrency market fell over the weekend, mirroring the slide of the broader stock market that intensified last week. | The Wall Street Journal | 05/09/2022 |  |
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| After 2-Year Fun, Tech Sector Feels Postpandemic Hangover | The technology industry, which powered the U.S. economy during the pandemic and grew at tremendous scale during a decade of ultralow interest rates, is confronting one of the most punishing stretches in years.  Concern that some of the forces that have propelled tech ever upward have begun to fade, investors have sent share prices for a number of companies, including Lyft Inc. and Peloton Interactive Inc., plunging on disappointing financial results or other news. | The Wall Street Journal | 05/09/2022 | Sebastian Herrera and Akane Otani |
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| Economic Woes Abroad Help Dollar | Years ago, high U.S. inflation meant a weak dollar. So far, it is different this time, and many on Wall Street are betting it will stay that way.  The dollar is reaching multidecade highs against its trading partners, even with U.S. inflation at its highest level in nearly 40 years. The U.S. Dollar Index, which tracks the currency against a basket of others, is reaching highs unseen since 2002. The greenback’s climb has sent the euro, British pound and Japanese yen tumbling.  Investors contend that economic weakness world-wide is driving today’s strong dollar.  The eurozone’s economy faces the threat of a recession.  The picture in the U.S. is different. Consumers have more money in bank accounts. Even as prices rise, Americans are spending. | The Wall Street Journal | 05/09/2022 | Julia-Ambra Verlaine |
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| Stocks Fall to Year’s Lows as Selloff Persists | The most punishing market selloff in years showed no signs of abating on Mo9nday, with U.S. stock indexes sliding to new lows for 2022 and other assets, like oil and bitcoin, tumbling as well.  Few believe a recession is imminent. The labor market continues to add jobs at a rapid clip. Wages are climbing, and the unemployment rate remains near a 50-year low.  The Wall Street Journal estimating a 28% probability of a recession some time in the next 12 months – up from 18% in January.  The outlook for the global economy is also looking increasingly murky, investors say. | The Wall Street Journal | 05/10/2022 | Akane Otani and Caitlin Ostroff |
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| Bank Shares Decline Despite Fed Moves to Raise Rates | Interest rates are going up, but bank stocks aren’t.  JPMorgan Chase & Co., Goldman Sachs Group Inc., Bank of America Corp. and Morgan Stanley have slumped this year after two years of big pandemic gains. All four banks are off their 52-week highs by more than 20%, including a 29% drop at JPMorgan. That compares with a 17% drop in the S&P 500.  Higher rates are supposed to help bank stocks, but they haven’t this year. The Federal Reserve has raised rates twice since March to curb inflation and hinted that more increases are on the way.  Investors worry that rate increases that are too big or too fast could tip the economy into recession. | The Wall Street Journal | 05/10/2022 | Charley Grant |
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| Xi Scrambles as China’s Economy Stumbles | Today China’s economic prospects look significantly weaker than at the beginning of the year, with the International Monetary Fund cutting its forecast for Chinese growth to 4.4% while other economists predict figures below 4%. Capital has been fleeing the country, with foreign investors dumping $18 billion in Chinese bonds and more than $7 billion in Chinese stocks in March alone. What happened? Four things:  First, the crisis in China’s property sector, which represents as much as 29% of gross domestic product, has proved worse than expected…  Second, Mr. Xi’s crackdown on China’s technology sector has helped drive down the market capitalization of China’s 10 largest technology companies by more than $2 trillion over the past year.  Third, the invasion of Ukraine by Mr. Xi’s “best friend in the world,” Vladimir Putin, has sent energy and commodity prices soaring and has snarled supply chains already backed up by the pandemic. That’s terrible news for the world’s largest manufacturer, exporter and energy-consuming economy.  Fourth, there is Mr. Xi’s insistence on China’s zero-Covid Strategy, which has led to mass lockdowns in cities including Shanghai.  In combination, these factors are enough to make Mr. Xi’s formal target of 5.5% growth this year look unrealistic.  Recent economic assessments have predicted a sharply slowing Chinese growth trajectory, to around 3% by 2030 and 2% by 2050. | The Wall Street Journal | 05/11/2022 | Kevin Rudd |
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| Crypto’s Decline Deepens In Jittery Market  *Coinbase Global posts a big drop in users as investors rein in their appetite for risk* | Coinbase Global Inc. said it lost hundreds of millions of dollars in the first quarter, sending the stock falling in after-hours trading. Following the aftermarket report, shares traded around $61 late Tuesday afternoon, a far cry from the $381 where the stock opened trading when it went public a little over a year ago. | The Wall Street Journal | 05/11/2022 | Corrie Driebusch and Hardika Singh |
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| Gasoline Prices Hit a Record | The average price for a gallon of regular unleaded gas climbed to $4.37 Tuesday. | The Wall Street Journal | 05/11/2022 | Source: AAA |
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| Toyota Sees Higher Material Costs Eating Into Profit | Toyota Motor Corp. said the auto industry faces a tough year because rising raw-material costs and a shortage in semiconductors continue to hamper production.  It projected that net profit would fall 21% in the year…  Car makers from giants such as Toyota to startups like Rivian Automotive Inc. are struggling with rapidly rising prices for lithium, cobalt, nickel and other metals needed to produce modern vehicles.  Both General Motors Co. and Ford Motor Co. have warned that rising material prices and logistics costs are beginning to weigh on profitability, despite the historically high prices in the U.S. | The Wall Street Journal | 05/12/2022 | Sean McLain |
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| Inflation Pressure Continues, Despite Slight Slip  *Drop to 8.3% is the first in 8 months’ still, there’s little evidence showing that prices are cooling* | U.S. inflation edged down to an 8.3% annual rate in April but remained close to the fastest pace in four decades as the economy continued to face upward price pressures.  The Labor Department’s consumer-price index reading last month marked the first drop for inflation in eight months, down from 8.5% annual rate in March. The decline came primarily from a slight easing in April gasoline prices…  Prices rose for groceries as well as dining out, airline travel and other services that consumers are turning to as they shift from spending heavily on goods from earlier in the pandemic. | The Wall Street Journal | 05/12/2022 | Gwynn Guilford |
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| Fresh Worries About Fed Send Stocks Lower | Stocks fell Wednesday after fresh data showed that inflation – though slightly down - remained higher than expected last month, feeding renewed apprehension about the Federal Reserve’s likely response and extending a punishing stretch for equities.  The Dow Jones Industrial Average fell for a fifth day in a row, the Nasdaq Composite lost 3.2%, and bitcoin fell 8.5%.  The S&P 500 declined 65.87 points, or 1.6%, to close at 3935.18. The technology-focused Nasdaq was down 373.44 to 11364.24, its lowest close since November 2020. The Dow fell 326.63, or 1%, to 31834.11, marking its largest five-day percentage decline in nearly two years.  The consumer-price index increased 8.3% in April from the same month a year ago, data released on Wednesday showed, decelerating from an 8.5% annual rate in March but above the 8.1% expected by economists. | The Wall Street Journal | 05/12/2022 | Matt Grossman and Joe Wallace |
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| TerraUSD Craters in Crypto Rout | A stablecoin, this breed of cryptocurrencies had gained favor among traders for being the one part of the crypto universe that was known for its stability. While the most popular stablecoins maintain their levels with assets that include dollar-denominated debt sand cash, TerraUSD is what is known as an algorithmic stablecoin, which relies on financial engineering to maintain its link to the dollar.  The sudden outflow of money spooked some traders who began selling TerraUSD and its sister token Luna.  TerraUSD’s fall to 23 cents at around 3:30 a.m. ET marked a 70% drop from its value 24 hours earlier, according to CoinDesk.  Stablecoins have surged in popularity the past two years and now act as the grease that moves the gears of the cryptocurrency ecosystem. | The Wall Street Journal | 05/12/2022 | Caitlin Ostroff, Elaine Yu and Paul Kiernan |
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| Market Turmoil Spreads to Junk Bonds | Shock waves from the stock market’s declines are spreading into junk bonds, sending prices tumbling and forcing some companies to cancel new deals.  The selloff has punished companies with below-investment- grade credit ratings and poor reported earnings.  Buffeted by a broad bond-market rout, high-yield bonds have lost about 10% this year, according to data from Bloomberg. Their yields, which rise when prices fall, are now around 7.5% compared with 4.3% at the start of January.  The extra yield investors demand to hold junk bonds over U.S. Treasury bonds has jumped to 4.4 percentage points from 2.8 in January.  Bargain hunters aren’t yet interest in junk debt because safer investment-grade bonds have also lost roughly the same amount, making them a better pick for now, portfolio managers said. Buying investment-grade bonds at a discount during the 2020 coronavirus selloff proved a lucrative trade for many high-yield investors.  The yield of a Bloomberg index of investment-grade bonds has risen to about 3.6% from 1.8% this year… | The Wall Street Journal | 05/12/2022 | Matt Wirz |
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| What’s News | ♦ The Dow declined for a sixth straight session, losing 0.3%, while the S&P 500 ended 0.1% lower as volatile trading continued. The Nasdaq edged up 6.73 points. | The Wall Street Journal | 05/13/2022 |  |
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| What’s News | ♦ The Biden administration canceled plans to auction drilling rights in three regions off the U.S. coastline later this year, adding more friction to an uneasy relationship with the oil industry. | The Wall Street Journal | 05/13/2022 |  |
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| Stablecoin Crash Shakes Crypto: ‘Run on the Bank’ | The cryptocurrency TerraUSD had one job: maintain its value at $1 per coin.  Since it launched in 2020, it had mostly done that, rarely straying more than a fraction of a penny from its intended price. That made it an island of stability, a place where traders and investors could stash their funds in between forays into the otherwise frenzied crypto market.  This week TerraUSD became part of the frenzy too, slumping by more than a third Monday and then tumbling as low as 23 cents on Wednesday.  The collapse saddled investors with billions of dollars in losses. It ricocheted back into other cryptocurrencies, helping drive down the price of bitcoin.  Yet TerraUSD’s plunge raises urgent questions about crypto developers’ ambitions to build a new form of finance. It shows that despite the hype, the nascent crypto system is still prone to the kinds of destabilizing bank runs that happen in the nondigital world.  Stablecoins are a pillar of crypto’s parallel financial system.  Crypto companies have sought to convince Congress stablecoins are safe places for investors to put money. The TerraUSD collapse has shaken that assumption…  Some stablecoins attempt to do this by holding safe assets such as Treasury bills in a kind of reserve account: For every stablecoin that is created, $1 in Treasury bills is put in the account. Redeem a stablecoin and $1 of Treasury bills comes out of the account. | The Wall Street Journal | 05/13/2022 | Alexander Osipovich and Caitlin Ostroff |
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| Big Investors Reconsider Aversion To Oil-and-Gas Industry Shares | Some big investors are coming back to energy, having shunned the oil-and-gas industry for more than five years because of losses and concerns about climate change.  Energy has emerged as the stock market’s best performer – the S&P 500 Energy Sector Index is up 40% in 2022 – and projections that the world might face shortages in the years ahead suggest continued near-term upside for those willing to bet on fossil-fuel producers. | The Wall Street Journal | 05/13/2022 | Gregory Zuckerman |
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| Stocks Gain Friday But Fall for Week | This week brought several shocks for the market. Data showed inflation is still running hot, disappointing investors. Cryptocurrencies swooned after a so-called stablecoin unexpectedly crashed.  The Nasdaq Composite jumped 434.04 points, or 3.8%, to 11805.00, its largest one-day percentage gain since November 2020. | The Wall Street Journal | 05/14-15/2022 | Caitlin McCabe and Corrie Driebusch |
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| What’s News | ♦ The Cleveland Fed’s Mester said the central bank needs to press forward with aggressive rate rises, and that by early fall it may be able to take stock of whether it can slow down or will need to speed up the process of removing support from the economy. | The Wall Street Journal | 05/14-15/2022 |  |
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| How to Avoid Getting Eaten Alive by the Fed | Investors have long shared a dream: that the Federal Reserve will always flood the markets with cheap money whenever asset prices fall too far.  In 2022, that dream has turned to a nightmare.  With the Fed determined to stifle inflation, the threat of rising interest rates has knocked $10 trillion off the market value of U.S. stocks and hammered bonds with the worst returns since 1842.  What’s more, even the newly aggressive Fed isn’t likely to be able to cool inflation down as quickly as it wishes.  “the idea is that we can engineer a painless reversal in inflation without sustaining damage to the real economy,” says Carmen Reinhart, chief economist at the World Bank. “that idea is not based on prior historical experience, and I don’t think it’s in the cards.”  There’s no modern precedent suggesting the Fed can lower inflation by at least 4 percentage points without knocking the economy into recession.  First, avoid long-term bonds and bond funds, which are highly sensitive to rising interest rates and have lost 20% or more so far this year.  Several issues of Treasury inflation-protected securities, while not cheap, currently provide a small cushion if the cost-of-living shoots even higher. Although stocks have been pounded this year, in the long run they are a decent hedge against moderate inflation. A small allocation to commodities might also help. | The Wall Street Journal | 05/14-15/2022 | Jason Zweig |
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| Investors Stay Put, Lacking Choices | The S&P 500 is down 16%, its worst start to a year since 1970, according to Dow Jones Market Data. Assets of all kinds are also falling. Gold, typically considered a haven, has swung into the red. Bonds are typically another shelter, but this year they are falling alongside stocks, an unusual tandem that reflects investors’ uncertainty.  The risk-on cryptocurrency market, pitched for years as a counterweight to traditional stocks, is also imploding, with bitcoin losing more than a third of its value in 2022.  All three major U.S. stock indexes lost more than 2% for the week, while gold shed 3.9%, its largest weekly decline since last June. Bitcoin, meanwhile, was battered, with its price sliding below $30,000.  Investors are confronting red-hot inflation and the end of easy monetary policy. There is also the question of whether the U.S. is headed for a recession… | The Wall Street Journal | 05/16/2022 | Caitlin McCabe |
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| Utility Stocks Keep Their Spark | Rising interest rates and inflation are typically a circuit breaker for richly valued utility stocks, but these are unusual times.  The sector is the second-best performing one in the U.S. behind energy year to date, trouncing the S&P 500 by 15 percentage points through Friday. That leaves utility stocks trading at almost 20 times forward 12-month earnings on average – close to a high and nearly a fifth richer than the S&P 500.  As markets fear a recession, being in the business of collecting monthly checks is understandably appealing in investors.  And, by some measures, utilities look more defensive today than they have in past years, according to Jay Rhame, chief executive of Reaves Asset Management, which manages utility exchange-traded funds.  Utility stocks tend not to take well to rising interest rates for two reasons: first, utilities have large debt burdens, with those in the S&P 500 on average carrying net debt that is more than five times earnings before interest, taxes, depreciation and amortization, according to S&P Global Market Intelligence. Second, they are a bond substitute. When interest rates rise, utilities’ dividend yields start looking less attractive compared with Treasurys. | The Wall Street Journal | 05/16/2022 | Jinjoo Lee |
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| S&P, Nasdaq Stumble, but Dow Gains  *Decliners include consumer, technology, travel, casino stocks; Spirit jumps on bid* | Stocks finished mostly lower, extending the market’s recent selloff.  The S&P 500 fell 15.88 points, or 0.4%, to 4008.01, and the technology-heavy Nasdaq Composite Index dropped 142.21 points, or 1.2%, to 11662.79. the Dow Jones Industrial Average, however, rose 26.76 points, or 0.1%, to 32223.42.  The resulting selloff, which has been compounded by the war in Ukraine and Covid-19 lockdowns in China, has been broad, affecting most assets from cryptocurrencies and stocks to government bonds, leaving investors unsure of where to seek safety.  One signal investors are using to gauge a possible bottom is, surprisingly, bitcoin. The cryptocurrency careened last week amid a collapse in the stablecoin TerraUSD and is down about 35% year to date. | The Wall Street Journal | 05/17/2022 | Will Horner and Paul Vigna |
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| Crypto’s Plunge Punishes Alternative Portfolios | Cryptocurrency prices are moving in lockstep with stocks and bonds like never before, punishing those who bought bitcoin and other digital assets in part to diversity their investment holdings.  The three-month correlation between the cryptocurrencies bitcoin and ether and the major U.S. stock indexes hit its highest level on record last week, according to Dow Jones Market Data.  A correlation of 1 suggests the markets are moving in lockstep, while 0 says they aren’t related. The one- and two-month correlations are at record levels.  The day of that record correlation, bitcoin dropped 10% and the Nasdaq composite Index fell more than 4%...  Crypto has “become part of the mainstream financial system, and that’s not good for its viability as an alternative asset class,” said Richard Craib, who runs a quant hedge fund in San Francisco called Numeral. | The Wall Street Journal | 05/17/2022 | Gregory Zuckerman |
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| China’s Economic Distress Grows | China’s headline jobless rate, meantime, surged to a two-year high of 6.1%, further evidence of the economic damage unleashed by the country’s strictest pandemic containment, measures in more than two years.  “[China] is facing some extraordinary headwinds that I think its leadership is not responding to effectively,” said Mr. Roach, a former chairman of Morgan Stanley Asia.  The hardest-hit sector of China’s economy, according to Monday’s data, was consumer spending. Retail sales in April were down 11.1% from a year earlier…  Industrial production in April was down 2.9% from a year earlier, after a 5% gain in March.  The worsening economic picture wasn’t enough to prompt China’s central bank to cut its lending rates on Monday, as many economists had expected. | The Wall Street Journal | 05/17/2022 | Stella Yifan-Xie |
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| U.K. Inflation Hits 40-Year High  *Price-rise acceleration comes as economy faces a recession, say economists, politicians* | Consumer prices in April were 9% higher than a year earlier, a jump from 7% in March, and the highest inflation rate since March 1982, the Office for National Statistics said.  The pace also is above the 8.5% annual rate of inflation record by the U.S. in March…  The British pound fell 0.6% against the dollar to $1.2419,,,  The surge in energy prices, in part a consequence of the Ukraine war, has hit household budgets hard, spurring calls for the government to provide further help for the poorest. | The Wall Street Journal | 05/19/2022 | Paul Hannon |
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| What’s News | ♦ The global economy is in danger of entering a period of high inflation and weak growth, policy makers and corporate leaders say, raising the specter of a period of so-called stagflation. | The Wall Street Journal | 05/19/2022 |  |
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| Blue chips, S&P 500 suffer their worst percentage losses since June 2020 | Stocks fell sharply, with two of the major indexes suffering their worst day since 2020, as the latest set of disappointing earnings from large retailers raised investors’ fears of a recession.  The Dow Jones Industrial Average closed Wednesday down 1.164.52 points, or 3.6%, to 31490.07, its lowest closing level since March 2021. The S&P 500 dropped more than 4$, or 165.17 points, to 3923.68, while the tech-focused Nasdaq composite slid 4.7%, or 566.37 points, to 11418.15. The Dow and S&P recorded their worst percentage declines since June 11,2020.  Major retailers said their profits were hurt by rising costs, sluggish sales and supply-chain disruptions. Shares of Target Corp. sand 25%... | The Wall Street Journal | 05/19/2022 | Orla McCaffrey and Caitlin Ostroff |
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| Stagflation Fears Loom Over Economy globally | The global economy is in danger of entering a period of so-called stagflation, or high inflation and weak growth, policy makers and corporate leaders say, which could erode living standards around the world.  Treasury Secretary Janet Yellen on Wednesday became the latest leader to warn of turbulence for the global economy. “Certainly the economic outlook globally is challenging and uncertain,” Ms. Yellen said…  Growing fears of high inflation rippled through financial markets Wednesday after large retailers reported disappointing earnings. Target Corp. shares sand 25%.  Ms. Yellen – a former Federal Reserve chairwoman – indicated that inflation, particularly the rising cost of food and energy, is becoming a greater longer-term concern and will be a dominant theme among global leaders.  One factor behind the darker outlook is hawkish signs from the Fed and ECB.  April unemployment rate of 3.6% remained just a shade above the 50-year low set just before the pandemic. Job openings across the U.S. reached a record high of 11.5 million in March.  But the risk of a recession has risen in recent weeks, and certain problems – such as supply chains disrupted by Covid-19 lockdowns in China and the Ukraine war – could be largely beyond the ability of central banks to address. | The Wall Street Journal | 05/19/2022 | Josh Mitchell and Andrew Duehren |
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| What’s News | ♦ Rapidly rising mortgage rates and record home prices are cooling the U.S. housing market, as sales dropped in April for a third straight month. | The Wall Street Journal | 05/20/2022 |  |
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| Slump Sends S&P 500 Near Bear Territory | U.S. stocks and bond yields fell, with the S&P 500 flirting with a bear market…  The S&P 500 lost 22.89 points, or .06%, to 3900.79, coming close to bear-market territory – or a 20% fall from a recent high. The Dow Jones Industrial Average fell 236.94 points, or 0.8%, to 31253.13. Both indexes closed at their lowest level since March 2021.  Investors bought government bonds, perceived as a haven asset in times of economic uncertainty. The yield on 10-year Treasury notes fell to 2.854% from 2.884% on Wednesday…  The last time the S&P 500 fell into a bear market was during the pandemic panic in March 2020. It was short-lived, and the market quickly embarked on a two-year rally that peaked this Jan. 3.  Global oil benchmark Brent crude gained $2.93 per barrel, or 2.7%, to $112.04 a barrel, In cryptocurrency markets, bitcoin added 3.5% from its 5 p.m. ET level on Wednesday to trade at $30,213.64… | The Wall Street Journal | 05/20/2022 | Hardika Singh and Joe Wallace |
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| Eight Stocks Lead Downturn | Eight companies are to blame for nearly half the stock market’s decline this year – and the pain doesn’t end there.  Apple Inc., Microsoft Corp., Amazon.com Inc., Tesla Inc. and the parent companies of Google and Facebook swelled to be so big in recent years that they accounted for 25% of the S&P 500 heading into 2022. The benchmark U.S. stock index is weighted by market value, which means the biggest companies have the most influence.  Together with Nvidia Corp. and Netflix Inc., they are responsible for 46% of the benchmark’s 2022 losses through Wednesday on a total-return basis, according to S&P Dow Jones Indices.  The S&P 500 has tumbled 18.2% in 2022…  Netflix has declined 70%, and Facebook parent Meta Platforms Inc. and Nvidia are down 43% and 42%, respectively. The other five stocks have dropped between 23% and 36%.  “They’re taking a huge chunk out of the S&P return,” said Anne Wickland, portfolio manager at Easterly Investment Partners.  “We’re in a higher inflation world where interest rates are going to be higher on average than they have been in the past,” said Ed Campbell, managing director and portfolio manager at PGIM Quantitative Solutions. “That’s an environment that’s better for value stocks.” | The Wall Street Journal | 05/20/2022 | Karen Langley |
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| Is the world heading for recession? | China’s growth prospects have been hammered by strict Covid-19 lockdowns in a bid to quell its Omicron outbreak: the US Federal Reserve risks turning an American boom into bust; Europe’s households are enduring a cost of living crisis: and the situation is worse in many emerging markets, where food crises and even famines beckon.  These four different but imposing problems each stalk the global economy as it recovers from the pandemic and it is not surprising the mood is darkening.  According to Robin Brooks, chief economist of the Institute of International finance, the confluence of these shocks suggests the world economy is already in trouble. “we’re in another global recession scare now, except this time we think it’s for real,” he says.  Financial markets have taken fright. The MSCI world index of equities fell more than 1.5 per cent in the past week, more than 5 per cent in May and more than 18 per cent since a peak in early January. Dhaval Joshi, chief strategist a t BCA Research, notes that on top of a torrid time for stocks, there has been a selloff in bonds, inflation protected bonus, industrial metals, gold and crypto assets.  “The last time that the ‘everything sell-off’ star alignment happened was in early 1981 when Paul Volcker’s Fed broke the back of inflation and turned stagflation into an outright recession,” Joshi says.  Accounting for 19 per cent of the world’s total output, China is now so large that when it catches Covid the rest of the world cannot ignore its pain, especially because of its impact on global supply chains and its demand for goods and services from other countries.  In the US, the other global economic powerhouse, the economy is suffering from the pandemic’s legacy and, in particular, excessive fiscal stimulus that arguably ran the economy too hot and generated high inflation even with modest energy price rises.  The Fed chair Jay Powell was clear this week that the central bank would continue raising interest rates until it saw “clear and convincing” evidence that inflation was returning to the 2 per cent target.  Unfortunately for the EU, understanding the cause of Europe’s woes does not diminish its consequences. With inflation of 7.4 per cent in April, eurozone prices are rising much faster than its citizen’s incomes, imparting a hit to living standards that will limit spending and the recovery from the pandemic. New forecasts from the European Commission this weak were scaled back sharply and implied stagnation in the second quarter of 2022.  If Europe’s difficulty is in adjusting to higher energy prices, poorer countries have the even harder task of dealing with the rapid rise in food prices, which account for more than 30 per cent of expenditure in emerging economies.  The majority view among economists is that the defence against global recession will still win in 2022. But economists are increasingly hedging their bets in the face of relentless bad news. | Financial Times | 05/21-22/2022 | Chris Giles |
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| Surging Dollar Hints at Parity With Euro | A roughly 7% slide in the euro against the dollar this year is breathing new life into a two-decade old question on Wall Street: Will this be the year the currencies finally reach parity?  The euro fell as low as around $1,035 earlier this month, down from the $1,137 level at which it ended last year.  The last time the euro and dollar reached parity was late 2002, though Europe’s common currency has had brushes with the threshold in the more recent past.  Meantime, the Fed has begun an aggressive campaign to lift interest rates, providing a further boost to the dollar…  The European Central Bank, meanwhile, is expected to continue to lag behind the Fed.  Those factors have sent the euro and dollar swinging wildly this year…  “Broadly speaking, a weaker currency has an impact in accelerating inflation,” said Jane Foley, head of foreign-exchange strategy at Rabobank.  Not all market watchers are convinced that euro-dollar parity is likely. | The Wall Street Journal | 05/21-22/2022 | Caitlin McCabe |
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| S&P 500 Briefly Dips Into A bear Market | Stocks rose at the open, then reversed course, falling throughout most of the turbulent session. At one point, the S&P 500 slid so far it was on track to close at least 20% below its January peak – what would have been considered a bear market. A comeback in the final hour of the trading day pushed the index higher, with the S&P 500 ending up 0.57 point, or less than 0.1%, at 3901.36; at its intraday low, it was down 2.3%.  The Dow Jones Industrial Average finished up 8.77 points, also less than 0.1%, to 31261.90. The tech-focused Nasdaq Composite fell 33.88 points, or 0.3%, to 11354.62.  The Dow industrials notched their eighth straight weekly loss, their longest such streak since 1932, near the depths of the Great Depression. | The Wall Street Journal | 05/21-22/2022 | Akane Otani and Anna Hirtenstein |
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| Wall Street Assumes Recession Footing | Major indexes are hovering near their lows of the year, with the S&P 500 down 18%, including a 3% decline this past week. The index’s consumer-staples sector – home to companies including Walmart Inc., Kroger co., Coca-Cola Co. and Kraft Heinz Co. – has dropped 8.6% over the past five sessions.  Many investors say they have been struck by the length and sheer magnitude of the recent selloff, which is in its fifth month and has been characterized by sharp intraday swings not seen since March 2020.  “The selloff is well into recessionary territory,” a team of analysts at Deutsche Bank led by Binky Chadha wrote in a note to clients on Wednesday. The analysts added that the S&P 500 is edging closer to the typical decline of about 24% seen in recessions dating back to 1946… | The Wall Street Journal | 05/21-22/2022 | Gunjan Banerji and Karen Langley |
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| Is the world heading for recession? | China’s growth prospects have been hammered by strict Covid-19 lockdowns in a bid to quell its Omicron outbreak; the U.S. Federal Reserve risks turning an American boom into bust; Europe’s households are enduring a cost of living crisis; and the situation is worse in many emerging markets, where food crises and even famines beckon.  These four different but imposing problems each stalk the global economy as it recovers from the pandemic and it is not surprising the mood is darkening.  According to Robin Brooks, chief economist of the Institute of | Financial Times | 05/21-22/2022 | Chris Giles |
| Global economy on edge of knife | The financial leaders of the world’s most powerful countries warned this past week of the potential for a global economic slowdown…  Globally, the war is sending energy and food prices soaring. In the United States, Britain and Europe, central banks determined to curb inflation are moving to hike interest rates, which risks pushing nations into recession. The developing world faces an emerging debt crisis on top of a growing hunger problem sparked by the war.  “If I had to sum it up: more uncertainty, more inflation, less grown,” Francois Villeroy de Galhau, the governor of the Bank of France, said of the impact of the war, at a conference here of finance ministers and central bankers from the powerful Group of Seven industrial nations.  After approving trillions of dollars in fiscal stimulus to avert the downturn caused by the coronavirus pandemic, world economic leaders are now grappling with the threat of stagflation – show, or negative, economic growth, coupled with rising inflation.  The risk abroad may be even greater than in the United States, economists say.  The war poses a more serious economic threat to Europe than to the United States, particularly given the continent’s dependence on Russian energy, said Jason Furman, a former Obama administration economist. China’s efforts to contain the coronavirus also continue to rattle the global economy…  The World Bank has also warned of a “huge buildup of debt,” particularly in the poorest countries, with debt payments at their highest level in 20 years.  Eswar Prasad, a Cornell University economics professor who worked at the International Monetary Fund, said national financial leaders are increasingly alarmed by the global economic conditions, citing conversations he has had with international finance ministers and central bank officials. Of particular concern is that policymakers’ main tool to address economic shocks – additional stimulus to increase demand – is largely off the table because of high inflation and high levels of debt. | The Washington Post | 05/22/2022 | Jeff Stein |
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| Investors challenged by demise of three-decade era of globalization | “Tension between the US and China was accelerated by the pandemic and now this invasion of Ukraine by Russia – all these trends are raising serious concerns about a decoupling world,” said José Manuel Barroso, chair of Goldman Sachs International and a former president of the European commission.  Charles “Chip” Kaye, chief executive of Warburg Pincus, said that geopolitics was not “front and center of investment decisions.  Talk about deglobalization among companies has mounted recently. | Financial Times | 05/23/2022 | Kaye Wiggins, Antoine Gara and Jamie Smyth |
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| Conditions Are Ripe For Deep Bear Market | There is nothing magical about a fall of 20%, the usual definition of a bear market. But it does crop up a lot: in the past 40 years, the S&P 500 has bottomed out with a 20%-or-so peak-to-trough declines four times, in 1990, 1998, 2001 and 2018. Another four times it had far-bigger losses, as true panic took hold.  If inflation comes down, the Fed won’t need to raise rates as much as it has indicated, which would be a big boon for the stocks that have suffered the most. | The Wall Street Journal | 05/23/2022 | James Mackintosh |
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| Investors Struggle to Identify Market Bottom as Stocks Fall | U.S. stocks are in the midst of their longest selloff in decades. Whether they are close to bottoming is anyone’s guess.  The index is down 19% from its Jan. 3 record, flirting with the 20% decline that would end the bull market that began in March 2020.  Yet the Federal Reserve is still in the early stages of its campaign to raise interest rates, meaning that financial conditions will tighten further and put more pressure on stocks in the coming months. Many people are skeptical that the central bank will be able to keep raising rates without tipping the economy into a recession, a period w hen stocks have typically fallen about 30% going back to 1929, according to Dow Jones Market Data. | The Wall Street Journal | 05/23/2022 | Akane Otani |
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| Investors Dip Back Into Bonds | Stability emerged in debt markets this week, with the 10-year U.S. Treasury yield retreating from a peak over 3% following a five-month rout that worsened as stocks plummeted. While most of the buyers anticipate further turmoil if the U.S. economy slides into recession, bond prices have fallen to levels they say are too good to pass up, offering a credible alternative to stocks.  Stocks and bonds have been notching a rate simultaneous fall in what has been the worst performing debt market in 40 years. Portfolio managers now see pockets of opportunity as they seek investments that will fare best in future volatility. | The Wall Street Journal | 05/23/2022 | Matt Wirz |
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| Rescue From Recession Won’t Be So Easy This Time | With inflation raging, the famous ‘Fed put’ to save the day with cheap money might not be available.  Fiscal policy will have little scope to help. Even as the federal deficit has been falling from a historic high, total debt as a percentage of gross domestic product has doubled since the beginning of the last recession in 2007. Debt held by the public now equals roughly 100% of GDP. Fiscal pump priming at those debt levels will further exacerbate price pressures. | The Wall Street Journal | 05/23/2022 | Gerard Baker |
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| Banking Stocks Lead Rebound | Stocks rose, led by the financial sector, as the S&P 500 pushed away from bear-market territory…  The broad-market benchmark advanced 72.39 points, or 1.9%, to 3973.75 on Monday.  Monday’s rally gave investors some breathing room. The S&P 500 is now off 17% from its January high.  The Dow Jones Industrial Average rose 618.34 points, or 2%, to 31880.24, while the tech-focused Nasdaq Composite was up 180.66 points, or 1.6%, to 11535.27.  All 11 of the S&P 500’s sectors rose. Financials fared the best, rising 3.2%.  While a 20% selloff generally defines a bear market, what a bear market defines is just a change in the business cycle from expansion to contraction, said Shawn Snyder, head of investment strategy at Citi Personal Wealth Management.  While the bottom likely hasn’t come yet, Mr. Snyder said investors are already looking for it. | The Wall Street Journal | 05/24/2022 | Caitlin Ostroff and Paul Vigna |
|  |  |  |  |  |
| Flight to Safety Benefits Treasurys | Treasury yields, which rise when bond prices fall, have slid from multiyear highs in recent sessions, offering a reprieve for bond investors, who have been pummeled for months by escalating interest-rate expectations.  The yield on the 10-year Treasury note settled Monday at 2.857%, up a little from Friday but still well below the high-water mark this year of 3.124% recorded on May 6.  Treasurys provide Wall Street with benchmark for borrowing costs and a baseline… | The Wall Street Journal | 05/24/2022 | Matt Grossman |
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| Firms Jump To Buy Back Their Stock | The S&P 500 is down 16.6% through Monday while the D ow Jones Industrial Average is about 12% lower year to date. The Russell 2000 has suffered a more than 21% hit since early January, according to FactSet, a data provider.  But this isn’t entirely bad news for companies with excess cash. Sinking stock prices are letting them buy back more of their own shares, reducing share count and boosting earnings per share.  More than 17% of S&P 500 companies that bought back stock in the first quarter…  Buybacks by S&P 500 companies in the first quarter generated a yield of 2.54%... | The Wall Street Journal | 05/24/2022 | Nina Trentmann |
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| What’s News | ♦ Lagarde said the ECB is likely to increase its key interest rate, now negative, to zero by September and could keep raising rates after that. | The Wall Street Journal | 05/24/2022 |  |
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| Inflation, Rising Rates Hamper Growth | Growth in the U.S. and global economies slowed in May as high inflation and rising interest rates dented demand, business surveys said.  The firm’s purchasing managers index surveys also reported Tuesday that factories in major global economies face supply-chain disruptions related to Covid-19 surges and the Ukraine war, as well as higher fuel costs and rising wages.  Separate U.S. figures pointed to slower growth in a segment of the housing market.  Separately, S&P Global said its index for the eurozone’s services and manufacturing sectors fell to 54.9 in May from 55.8 in April. A reading above 50.0 points to an expansion in activity, while a figure below that threshold points to a contraction.  While the surveys point to continued growth in the second quarter, they appear to have exaggerated the strength of the global economy during the first three months of the year.  Citing the impact of the conflict on energy and food prices, the United Nations last week lowered its forecast for global economic growth in 2022 to 3.1% from 4%, and its forecast for U.S. economic growth to 2.6% from 3.5% | The Wall Street Journal | 05/25/2022 | Paul Hannon and Harriet Torry |
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| Market Swing Boosts Big-Dividend Stocks | Investors are rushing to companies promising regular payouts to shareholders, a sign of Wall Street’s hunger for cash in hand as the Federal Reserve raises interest rates and major stock indexes struggle.  The S&P 500 fell 0.8% Tuesday while the Nasdaq Composite dropped 2.3% as a selloff in technology stocks intensified.  Corporate executives who opted to buy back shares and payout fat dividends were often rewarded ty stockholders… | The Wall Street Journal | 05/25/2022 | Karen Langley and Gunjan Banerji |
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| What’s News | ♦ The Nasdaq slid 2.3% dragged down by a selloff in technology shares, while the S&P 500 ended 0.8% lower. The Dow industrials gained 0.2%. | The Wall Street Journal | 05/25/2022 |  |
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| Stocks Rally on Fed Policy Hopes | Stocks rose Wednesday after several retailers offered investors some optimism for this year’s sales and the release of minutes from the Federal Reserve’s most recent policy meeting signaled few changes in the central bank’s plan to fight inflation.  The S&P 500 index rose 37.25 points, or 0.9%, to 3978.73. the Nasdaq Composite climbed 170.29 points, or 1.5%, to 11434.74, a reversal from a sharp selloff in tech stocks the day before. The Dow Jones Industrial Average rose for a fourth straight trading day, adding 191.66 points, or 0.6%, to 32120.28. | The Wall Street Journal | 05/26/2022 | Justin Baer and Anna Hirtenstein |
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| ECB Signals Daley in Paring Bond Stake | The European Central Bank is likely to hold on to its mammoth portfolio of sovereign debt as it starts to raise interest rates, ECB officials said, underlining the fine line it is walking as it tightens monetary policy to battle inflation while trying not to weaken the bloc’s most fragile economies.  By holding on to its sovereign bonds, the bank would be offering some relief for the region’s most indebted governments, diverging further from the Federal Reserve, which plans to start shrinking its bondholders next week. | The Wall Street Journal | 05/26/2022 | Tom Fairless |
| What’s News | ♦ Fed officials thought they would need to raise rates by a half percentage point at each of their next two meetings when they approved an increase this month, minutes show. | The Wall Street Journal | 05/26/2022 |  |
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| Resilient Shoppers Provide Retailers A Boost | U.S. shoppers boosted spending at department stores and discount chains, showing resilience amid inflationary pressures that have weighed on consumers and dented results at many big retail chains.  Macy’s Inc. and Dollar Tree Inc. reported strong sales increases in their most recent quarters.  Another budget chain, Dollar General Corp., posted flat sales but raised its outlook for the full year…  …Walmart Inc. and Target Corp., which reported last week steep profit declines as rising supply-chain, wage and inflation=related costs are into earnings.  “Consumers are still spending, but headwinds are getting increasingly fierce,” Macy’s Chief Executive Jeff Genhette said in an interview. | The Wall Street Journal | 05/27/2022 | Suzanne Kapner and Sarah Nassauer |
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| Natural-Gas Prices Surge As Summer Approaches | Natural-gas prices are heating up ahead of air-conditioning season, hitting the highest level in about 14 years.  Profit is being pinched at businesses ranging from beer-box makers and wallboard manufacturers to bitcoin miners, and higher costs are trickling down to prices for consumers and putting pressure on the Federal Reserve to raise interest rates. | The Wall Street Journal | 05/27/2022 | Ryan Dezember |
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| Markets Rally To Snap Losing Streak | The S&P 500 raced higher Friday, notching its best week of the year and snapping a punishing losing streak that had almost ended its bull market.  A slew of earnings results and economic data has boosted optimism among investors in recent sessions, helping pull major indexes away from their lows of the year.  All three major indexes jumped at least 6% this week, which hasn’t happened since November 2020.  On Friday, new data showed that U.S. households boosted spending for a fourth straight month… | The Wall Street Journal | 05/28-29/2022 | Gunjan Banerji and Caitlin McCabe |
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| Households Boost Spending | U.S. households boosted spending for a fourth straight month in April…  Consumer prices rose 6.3% in April from a year earlier, down from 6.6% in March…  Minutes from the Fed’s May 3-4 meeting, released Wednesday, showed that officials discussed the possibility of raising interest rates to levels high enough to deliberately slow economic growth as the central bank races to combat high inflation. | The Wall Street Journal | 05/28-29/2022 | Gabriel T. Rubin |
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| Amid Wild Ride, Investors Watch for signs of Stability | War, inflation and concerns of an economic slowdown have dragged the S&P 500 to its worst first 100 trading days of a year since 1970. With markets recovering some this past week, investors are trying to assess when the volatility might end.  Lindsey Bell, chief markets and money strategist at Ally Financial, said in a recent note that four of the five main indicators she tracks remain below extreme levels, suggesting that there is more room for declines. Those include **Market volatility is below prior selloff levels**  “The VIX hasn’t spiked the way it normally would in a significant decline,” said Nancy Tengler, chief executive and chief investment officer of Laffer Tengler Investments.  **Options traders’ worry is at moderate levels**  Another gauge of fear in the options market has climbed.  **Many stocks still trade above 200-day moving average**  Traders track rolling averages of stock performance over 200 days as a means of determining how the latest price swings compare with long-term trends.  **Bond spreads are still relatively tight**  Spreads remain far below recent highs hit in 2020.  **Investors’ outlook: Dreary**  Wall Street often tracks individual investors’ sentiment, believing that when they get most pessimistic, it is time to buy-and they have been pretty down lately.  When bears surpass bulls by more than 30 percentage points, that is a sign the worst declines have passed. | The Wall Street Journal | 05/31/2022 | Hardika Singh |
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| My Plan for Fighting Inflation | The global economy faces serious challenges, inflation is elevated, exacerbated by Vladimir Putin’s war in Ukraine. Energy markets are in turmoil. Supply chains that haven’t fully healed are causing shortages and price hikes.  According to the International Monetary Fund, the U.S. economy will be larger at the end of this year – relative to its prepandemic size – than any other Group pf 7 economy. The U.S. economy may grow faster this year than China’s economy for the first time since 1976.  First, the Federal Reserve has a primary responsibility to control inflation. My predecessor demeaned the Fed, and past presidents have sought to influence its decision…  Second, we need to take every practical step to make things more affordable for families during this moment of economic uncertainty-…  We can also reduce the cost of everyday goods by fixing broken supply chains, improving infrastructure, and cracking down on the exorbitant fees that foreign ocean freight companies charge to move products.  Third, we need to keep reducing the federal deficit, which will help ease price pressures.  My plan would reduce the deficit even more by making common-sense reforms to the tax code.  And we should end the outrageous unfairness in the tax code that allows a billionaire to pay lower rates that a teacher or firefighter. | The Wall Street Journal | 05/31/2022 | Joseph R. Biden, Jr. |
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| Biden Backs Fed Efforts, Adds Own Plan on Inflation | President Biden said he would support the Federal Reserve in its effort to combat high inflation by reducing economic demand, as the central bank lifts interest rates at its fastest pace in more than three decades.  Mr. Biden outlines a broad three-part plan for addressing inflation, which is running at 40-year highs, in an opinion piece published Monday evening in the Wall Street Journal.  Mr. Biden said it was likely that job growth could slow from a monthly pace of 500,000 jobs to around 150,000 as a necessary result of the Fed’s efforts to combat high inflation.  He said he agreed with the Fed’s assessment “that fighting inflation is our top economic challenge right now.”  The Fed is in the process of raising interest rates at the most aggressive pace since the 1980s.  The second pillar of Mr. Biden’s plan called for taking “every practical stop to make things more affordable for families…and to boost the productive capacity of the economy over time.”  Mr. Biden cited a list of proposals, including to upgrade infrastructure, boost housing production, lower drug prices by giving Medicare the power to negotiate with pharmaceutical companies, fix disrupted supply chains and target fees charged by foreign ocean-shipping companies.  The third piece of Mr. Biden’s proposal calls for reducing federal budget deficits…  Budget Office last week said it expects federal budget deficits as a share of GDP to fall to 3.8% next year from 4.2% this year before rising through the middle of the coming decade. | The Wall Street Journal | 05/21/2022 | Nick Tiimiraos |

“If you want peace, prepare for war.” *-Roman general Vegetius, written sometime between 384-389*

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