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| **RESOURCE LOG – JUNE 2022** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
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| What’s News | ♦ Inflation in the eurozone reached an annual 8.1% in May, underlining the growing cost to households of Russia’s invasion of Ukraine and European governments’ sanctions in response. | The Wall Street Journal | 06/01/2022 |  |
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| What’s News | ♦ Home-price growth rose to a record in March as robust home-buying demand outweighed the limited supply of homes for sale. | The Wall Street Journal | 06/01/2022 |  |
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| Mortgage bonds Get Hit Hard, Attracting Investors | The $5.5 trillion bond market supporting the U.S. mortgage industry is being roiled by fears it will be hit in the Federal Reserve’s battle against inflation.  Prices are falling for bonds backed by agency mortgage loans from government-owned lenders Fannie Mae and Freddie Mac. That is primarily because the Fed has started raising interest rates, which hits the value of all existing fixed-rate bonds, but also because it might start selling some of its $2.7 trillion holdings of the bonds, potentially further diminishing their value.  Analysts worry that Fed sales of existing bonds could flood the market, driving down prices and pushing yields higher as bond investors demand more compensation to lend money.  Most analysts don’t expect the Fed to start selling until next year… | The Wall Street Journal | 06/01/2022 | Matt Wirz |
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| Stocks Resume Downward Path | Stocks fell on Tuesday, ending the month on a downbeat note after last week’s rally.  The S&P 500 lost 26.09 points, or 0.6%, to 4132.15, resuming a downward trajectory after it snapped a seven-week losing streak last week.  The Dow Jones Industrial Average fell 222.84, or 0.7%, to 32990.12, in the first session of the week after markets reopened from the Memorial Day holiday. Both the S&P and the Dow were roughly flat for the month.  Throughout the month, profit warnings from companies ranging from Snap to Target to Walmart intensified worries about the lingering impact of inflation and spurred investors to dump shares across several industries.  Many traders remain worried that the Federal Reserve’s plans to raise interest rates aggressively could tip the U.S. economy into a recession. | The Wall Street Journal | 06/01/2022 | Caitlin McCabe, Joe Wallace and Alexander Osipovich |
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| What’s News | ♦ U.S. stocks kicked off June with declines. The S&P 500 and Nasdaq both retreated 0.7%, while the Dow industrials shed 0.5%. | The Wall Street Journal | 06/02/2022 |  |
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| What’s News | ♦ Russia is getting its oil to market by obscuring its origins and making ship-to-ship transfers at sea, partially evading sanctions imposed on Moscow after its invasion of Ukraine. | The Wall Street Journal | 06/02/2022 |  |
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| Downturn in Stocks Accelerates | Stocks indexes declined on the first day of June, after capping a volatile trading month.  All three major U.S. indexes handed back morning gains. The S&P 500 lost 30.92 points, or 0.7%, to 4101.23. The Dow Jones Industrial Average fell 176.89 points, or 0.5%, to 32813.23, while the technology-focused Nasdaq composite declined 86.93 points, or 0.7%, to 11994.46.  On Tuesday, major U.S. indexes dropped, leading the S&P 500 to end May roughly flat after a month marked by major moved in both directions.  Still, many traders say a recession isn’t guaranteed, and any significant U.S. economic slowdown could be months away.  …said Chris Wallis, chief executive and chief investment officer for Vaughan Nelson Investment Management. “I think we will have prolonged volatility, but sometime between June and September there is a good chance for a market bottom.” | The Wall Street Journal | 06/02/2022 | Caitlin McCabe and Vicky Ge Huang |
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| What’s News | ♦ The Fed’s Brainard said she supported plans to raise interest rates by a half-percentage point at a meeting later this month and again in July and batted down speculation that the central bank would pause after that. | The Wall Street Journal | 06/03/2022 |  |
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| OPEC+ To Boost Output In Nod To U.S. | Saudi Arabia took steps Thursday to boost oil production and extend a truce with Iran-backed forces in Yemen, two significant moves that help pave the way for President Biden to visit the kingdom later this month as the two countries try to reset their strained relationship.  Saudi-led OPEC and its allies agreed to a bigger-than-expected oil-production increase, allowing Riyadh to potentially pump more crude. | The Wall Street Journal | 06/03/2022 | Summer Said, Benoit Faucon and Dion Nissenbaum |
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| Fed Begins Shrinking $8.9 Trillion Portfolio  *Central bank is trimming its asset holdings by not reinvesting proceeds when securities mature* | **When the Fed shrinks its asset portfolio, is it selling bonds?**  No. the Fed dramatically expanded its portfolio in March 2020 to stabilize dysfunctional markets, and then it continued to purchase Treasury and mortgage-backed securities in large quantities after that to provide additional stimulus to the economy by holding down longer-term yields. It ended those purchases in March 2022 and has been keeping its holdings steady since then by reinvesting the proceeds of maturing securities into new ones.  As of June 1, the Fed will let up to $30 billion in Treasurys and $17.5 billion in mortgage bonds mature every month without investing the proceeds. The central bank is shrinking its holdings passively, or by attrition.  **What does the Fed do with the money it gets from the payment of principal on its holdings?**  The Fed essentially created money out of thin air to buy the bonds. Now, It will destroy the money in the same way.  When private investors buy bonds, they use cash, borrow funds or sell assets to raise the money to make that purchase. The Fed is different. It doesn’t have to do any of those things because it can electronically credit money to the accounts of bond dealers who sell mortgage-backed securities or Treasurys.  **What effect does this have on the economy?**  There is no consensus on the effects of the Fed’s asset purchases, sometimes called quantitative easing, and the portfolio runoff, sometimes called quantitative tightening.  In theory, the Fed’s purchases should reduce long-term yields by pushing down the so-called term premium, or the extra yield that investors receive for holding, longer-dated assets. | The Wall Street Journal | 06/03/2022 | Nick Timiraos |
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| Stocks Advance On Strong consumer Sector | Stocks rose, with all three major U.S. indexes finishing Thursday on track to end the week in positive territory.  The benchmark S&P 500 gained 75.59 points, or 1.8%, to 4176.82, while the tech-focused Nasdaq Composite added 322.44 points, or 2.7%, to 12316.90. the Dow Jones Industrial Average rose 435.05 points, or 1.3%, to 33248.28. Major stock indexes declined Wednesday. | The Wall Street Journal | 06/03/2022 | Caitlin Ostroff and Hardika Singh |
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| Growth In Jobs Market Extends Streak | U.S. job growth cooled slightly in May, adding to signs the economy is starting to lose some steam after its rapid recovery last year.  The unemployment rate held at 3.6% in May, close to the half-century low level it reached in 2020 before the covid-19 pandemic…  The report follows other indications that the economy remains strong, but its momentum is slipping in some sectors. | The Wall Street Journal | 06/04-05/2022 | David Harrison |
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| CEOs Gauge the Warnings As Economic Winds Shift | Over the past week, business leaders have laid out in the starkest terms yet that a period of universal strength in the U.S. economy has given way to a muddled outlook in which a labor shortage, soaring stock markets and a healthy consumer are no longer givens.  Retailers such as Walmart Inc. and Target Corp., whose profits soared in the pandemic, reported that higher costs had begun to eat into earnings and that some shoppers were beginning to curtail spending.  “that hurricane is right out there down the road coming our way,” JPMorgan Chase & Co. Chief Executive Officer Jamie Dimon said this past week. “We just don’t know if it’s a minor one or superstorm Sandy. You have to brace yourself.”  Mr. Dimon said that U.S. consumers still have some six to nine months of spending power left in their bank accounts as the government’s pandemic stimulus continues to pad consumers’ wallets. At the same time, Mr. Dimon said the economy faces significant uncertainty as that money dries up and during geopolitical tensions. | The Wall Street Journal | 06/04-05/2022 | Chip Cutter, Nick Timiraos and Sam Goldfarb |
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| Russian Sanctions Signal end Of Free Trade In Energy | Russia’s attack on Ukraine is redrawing the world’s energy map, ushing in a new era in which the flow of fossil fuels is influenced by geopolitical rivalries as much as supply and demand.  Three likely axes of energy influence are emerging: the U.S. and other Western nations which have used their massive economic and purchasing power as a political weapon: China and large emerging nations such as India, turkey and Vietnam, which have rebuffed Western pressure and continued doing business with Russia; and Saudi Arabia and other Middle Eastern oil-producing nations, which have sought to maintain neutrality, and may stand to rain market share in the years to come.  The new order promises to make the energy trade less efficient and more expensive…  “Russia’s days as an energy superpower are over,” said Daniel Yergin, the vice chairman of S&P global and a noted oil-industry historian.  But the new map isn’t without risks to American power and the country’s standing as the guarantor of global trade.  European leaders will find it more difficult to wean themselves off Russian natural gas, which typically accounts for more than 30% of the EU’s supply and mostly comes via pipeline…  Increased demand coupled with Western energy sanctions against Russia that will cut its output may lead to physical shortages of global oil, according to Joseph McMonigle, secretary-general of the Saudi Arabia-based International Energy Forum.  “If Russia is removed from the export market, there will be a global recession that kills demand,” Mr. McMonigle said.  Middle Eastern producers look poised to be winners in the emerging energy map. | The Wall Street Journal | 06/04-05/2022 | Christopher M. Matthews, Summer Said and Benoit Faucon |
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| Stocks End Week With Modest Declines | U.S. stocks dropped Friday and suffered losses for the week…  The S&P 500 lost 68.28 points, or 1.6%, to 4108.54, while the Dow Jones Industrial Average fell 348.58 points, or 1%, to 32899.70 and the Nasdaq Composite declined 304.16 points, or 2.5%, to 12012.73. All three indexes declined 0.9% or more for the week.  One point of concern for officials is that a strong labor market will add to elevated inflation as competition for workers boosts wage-bargaining power. Fed Vice chairwoman Lael Brainard said Thursday that she supported plans to raise interest rates by a half-percentage point at a meeting later this month and again in July. | The Wall Street Journal | 06/04-05/2022 | Caitlin Ostroff and Corrine Driebusch |
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| Investors Snap Up Deals on Corporate Bonds | The Fed has been raising interest rates to try to cool the economy and fix inflation, but that has made investors demand higher returns for holding bonds, pushing down bond prices.  For some money managers, bond prices fell to levels too good to pass up in recent weeks.  The debt of U.S. companies with relatively strong financial profiles is offering investors yield premiums, or spreads, of about 1.31 percentage points greater than what Treasurys offer, according to index data from Bloomberg.  Government bonds rallied last month, too. The yield on the 10-year Treasury note fell to 2.842% at the end of May…  With fewer new bonds coming to the market, the same pool of investors goes bidding for the limited debt that is up for sale, driving up prices and pushing spreads lower. | The Wall Street Journal | 06/06/2022 | Matt Grossman |
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| Cloudy Economic Outlook Weighs On Dollar | The WSJ Dollar Index, which measures the dollar against a backet of 16 currencies, is around 2% off its May peak and fell 1.1% last month. That decline broke a steady march that brought the dollar to multidecade highs. The index rose 6% last week…  According to recent economic reports, U.S. consumers are still spending money at a rapid pace, while employers keep adding jobs, extending the trends that had helped lift the dollar over the past 12 months or so.  Yet there have been signs of weakness elsewhere. Wage growth has moderated from last year, and consumers have been able to sustain their spending only by dipping into savings. | The Wall Street Journal | 06/06/2022 | Julia-Ambra Verlaine |
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| Pessimistic Mood Deepens | Americans are deeply pessimistic about the U.S. economy and view the nation as sharply divided over its more important values, according to a new Wall Street Journal-NORC Poll.  The pessimism extended beyond the current economy to include doubts about the nation’s political system, its role as a global leader and its ability to help most people achieve the American dream.  Some 83% of respondents described the state of the economy as poor or not so good.  Households are digging into savings to support their spending…  About 6 in 10 respondents said they were pessimistic about the ability for most people to achieve the American dream. | The Wall Street Journal | 06/07/2022 | Janet Adamy |
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| Yellen, World Bank Warn Of Stubborn Inflation | Treasury Secretary Janet Yellen warned that the U.S. is likely facing a prolonged period of elevated inflation, while the World Bank sharply lowered global growth forecasts and flagged a risk of recession in many countries.  In recent months, consumer inflation trended above 8%. “the numbers aren’t locked in, but it’s likely to be higher” than the initial 4.7% forecast, she said.  Ms. Yellen’s testimony before the Senate finance committee came as the World Bank, in a report, projected several years of high global inflation and tepid growth reminiscent of the stagflation of the 1970s.  For the U.S., the World Bank forecast growth to slow to 2.5.% in 2022.  Ms. Yellen said high oil prices were largely out of the control of U.S. policy makers in the short term as Republicans pressed her on further incentivizing fossil fuels in the U.S. hit $4.91 a gallon on Tuesday…  Supply disruptions fueling inflation were preceded by a period of highly accommodative monetary policy, creating weaker prospects for economic growth like in the’70s, the bank said. | The Wall Street Journal | 06/08/2022 | Andrew Duehren and Yuka Hayashi |
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| Target Warning Is an Omen  *Inventory issues could be a promotional boon for shoppers but a nightmare for retailers* | Target’s inventory problem is turning out even worse that it expected just a short time ago, its latest warning could portend a promotional bloodbath among retailers this summer.  The retailer on Tuesday lowered its operating-margin guidance for its second quarter to 2%, less than half the margin it telegraphed three weeks ago. The company said it is taking actions to “right-size” its inventory, which will involve more discounts and canceling orders.  Companies including Walmart, Costco and Target all paid for their own chartered ships to stock shelves up ahead of last year’s holiday season. This could have made them more susceptible to accidental pileups of the wrong items. | The Wall Street Journal | 06/08/2022 | Jinjoo Lee |
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| What’s News | ♦ The ECB laid out plans to increase interest rates for the first time in more than a decade, joining many of its peers in raising borrowing costs to tackle persistent inflation that is spreading far beyond the U.S. | The Wall Street Journal | 06/1082022 |  |
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| What’s News | ♦ the U.S. and its allies are searching for ways to limit further surges in global oil prices, attempting to balance efforts to penalize Russia while shielding the global economy from a possible recession. | The Wall Street Journal | 06/10/2022 |  |
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| Fuels Costs Upend business, Economy | As U.S. gasoline prices approach a record average of $5 a gallon, fuel costs are rippling through almost every corner of business, with signs emerging that the rising expenses are beginning to alter consumer behavior.  Oil and fuel production hasn’t increased quickly enough to meet goring global demand…  U.S. fuel-making capacity has actually declined due to refinery closures…  Higher gasoline prices account for about 18% of the 8.3% overall inflation rate in April from the previous year, according to the Labor Department.  Airline fares rose 18.6% between March and April, according to the Labor Department’s consumer-price index, and they are up 33.3% from a year earlier, though they still remain below 2019 levels.  Food makers said the cost of transporting raw materials from farms and factories to distributors and retailers is up, contributing to higher grocery bills for consumers. | The Wall Street Journal | 06/10/2022 | Collin Eaton, David Harrison and Doug Cameron |
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| Yellen Sees High Gas Prices Persisting | Ms. Yellen said she believes there is a path for the Fed to engineer a so-called soft-landing, a scenario in which the central bank successfully cools inflation without triggering a substantial pullback in the labor market and overall economy.  She pointed to strength in the labor market and household savings as factors buoying the U.S. economy currently. | The Wall Street Journal | 06/10/2022 | Amara Omeokwe and Andrew Duehren |
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| Chinese Export Surge Is a New Indication Of Economic Upturn | Chinese exports to the rest of the world surged in May as Covid-19 restrictions eased, adding to signs of recovery in the world’s second-largest economy after months of punishing pandemic lockdowns.  Exports grew 16.9% in May compared with a year earlier, China’s General Administration of customs said Thursday, more than twice the 8% growth anticipated by economists polled by The Wall Street Journal and well above the 3.9% annual pace recorded in April.  A strict lockdown in shanghai that lasted for two months was relaxed last week.  Still, most economists think growth in 2022 will fall well short of the goal of around 5.5% Beijing has targeted … | The Wall Street Journal | 06/10/2022 | Jason Douglas |
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| Inflation Hits Four-Decade High | U.S consumer inflation reached its highest level in more than four decades in May as surging energy and food costs pushed prices higher, with little indication of when the upward trend could ease.  The Labor Department on Friday said that the consumer-price index increased 8.6% in May from the same month a year ago, marking its fastest pace since December 1981.  May’s increase was driven in part by sharp rises in the prices for energy, which rose 34.6% from a year earlier, and groceries, which jumped 11.9% on the year, the biggest increase since 1979.  The inflation news hit stock and bond prices, with investors’ fearing the Federal Reserve could be forced to act more aggressively to tame surging price increases.  High inflation is a downside of strong U.S. growth, fueled in part by low interest rates and government stimulus to counter the Covid-19 pandemic’s impact.  The Red faces the difficult task of tightening monetary policy enough to cool the economy and calm inflation, while avoiding a recession. Fed officials on May 4 lifted rates by a half-percentage point and will meet again next week to consider a similar increase.  …James Knightley, chief international economist at ING.  “The breadth of inflation pressures in the economy should alarm the Fed,” he said. | The Wall Street Journal | 06/11-12/2022 | Gwynn Guilford |
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| Stocks Retreat on Fears that Fed Will Need to Make Drastic Moves | The Dow Jones Industrial Average fell 880 points, or 2.7%, to 31392.79. Technology shares slid along with banks and consumer stocks, sending the S&P 500 down 116.96 points, or 2.9%, to 3900.86, and the Nasdaq Composite tumbling 414.20 points, or 3.5%, to 11340.02. All three indexes declined for a second consecutive week.  Investors also dumped U.S. Treasurys, driving the yield on the two-year note – which tends to climb with investors’ expectations for interest-rate increases – to its highest level in more than a decade.  “Given the high level of uncertainty with regards to the Fed’s path of interest-rate increases, it’s hard to pound the table and say buy stocks,” said Erik Knutzen, chief investment officer of multiasset strategies at Neuberger Berman.  Stocks fell broadly, with all 11 of the S&P 500’s sectors finishing in the red. | The Wall Street Journal | 06/11-12/2022 | Sam Goldfarb, Hardika Singh and Caitlin Ostroff |
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| Abandon Stocks for Bonds? If Only It Was that Simple | The good news: At last, there is a worthwhile alternative to stocks. Bonds sport far more attractive yields than they have in years.  The bad news: Benchmark U.S. Treasurys have been crushed this year alongside stocks. Both the 10-year bond and the S&P 500 were down 13% for the year up to the middle of last week. Although stocks were then hit much harder by Friday’s bad inflation figures than bonds were. Meanwhile junk bonds, the highest-yielding corporate bonds, bring similar exposure to a potential worsening of corporate fundamentals as shares.  There is no sure way to escape the twin dangers of inflation and recession – and if both hit at once, stagflation can rip the guts out of a bond portfolio just as it can eviscerate expensive stocks. | The Wall Street Journal | 06/13/2022 | James Mackintosh |
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| Weaker Earnings Pose New threat To Roiled Markets | Stocks have fallen this year amid rising interest rates. With inflation showing little sign of cooling, many investors fear corporate earnings could be the market’s next support to fall.  The S&P 500 has dropped 18% in 2022, its worst start to a year since 1962, as the Federal Reserve embarks on a rate-rising campaign to bring down four-decade-high inflation.  Companies from Target Corp. to Microsoft corp. have warned that their results will be lower than expected, while analysts have trimmed earnings forecasts across industries.  U.S. companies face challenges on multiple fronts.  The WSJ Dollar Index, which measures the dollar against a basket of 16 currencies, is up 8% this year.  When the dollar rises, Americans see their money go further when they buy goods and services from overseas. But U.S. products also become less affordable to foreigners, which cuts into international sales for all kinds of businesses.  With sustained inflation and potentially increased hawkishness from the Fed, investors might decide valuations still look too high while corporate profits come under pressure.  Some analysts have cautioned that the market’s expectations for earnings are too high.  The S&P 500 traded late last week at just under 17 times its projected earnings over the next 12 months, according to FactSet, down from 21.5 times at the end of last year. The current multiple is about in line with its 10-year average, suggesting many investors still don’t think stocks look cheap.  Earnings expectations have been edging lower for big U.S. companies as a while. Analysts expect profits from S&P 500 companies to rise 4% in the second quarter, down from estimates on April 22 for 6.6% growth, according to FactSet. | The Wall Street Journal | 06/13/2022 | Karen Langley |
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| Bond Yields Reach 11-Year High | The yield on the benchmark 10-year Treasury note settled at 3.371%, according to Tradeweb, its highest close since April 2011 and up from 3.156% on Friday. The yield on the two-year Treasury – which often rises with expectations for Fed rate increases – rose to 3.279%, a new 15-year high, from 3.047% on Friday.  Fed officials have signaled that raising interest rates to bring down inflation is their priority. | The Wall Street Journal | 06/14/2022 | Matt Grossman |
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| What’s News | ♦ The yield on the benchmark 10-year Treasury note settled at 3.371%, its highest close since April 2011 and up from 3.156% on Friday. | The Wall Street Journal | 06/14/2022 |  |
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| What’s News | ♦ A string of troubling inflation reports in recent days is likely to lead Fed officials to consider a larger-than-expected 0.75-percentage-point rate increase at their meeting this week. | The Wall Street Journal | 06/14/2022 |  |
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| Markets Dive, Fed Eyes Bigger Rise  *Worries about prices send S&P 500 into bear territory, spur bets on aggressive rate moves* | Faced with rising changes of aggressive monetary tightening by the Federal Reserve, investors unloaded risk. The S&P 500 slumped 3.9% as 495 of its 500 components ended the day lower. The declines left the U.S. stock benchmark down more than 20% from its January record, sending it into a bear market for the first time since 2020.  Meanwhile, a rout in cryptocurrencies highlighted investors’ increasing unwillingness to hang on to their most speculative holdings. The price of bitcoin plunged Monday below $23,000…  The energy segment, the only one of the S&P 500’s 11 sectors in positive territory this year, fell 5.1%, a steeper decline than that of the index. The utilities group, the second-best performer in 2022, lagged behind the market with a drop of 4.6%.  The S&P 500 fell 151.23 points, or 3.9%, to 3749.63. the Dow Jones Industrial Average dropped 876.05 points, or 2.8%, to 30516.74. the tech-heavy Nasdaq composite declined 530.80 points, or 4.7%, to 10809.23, off 33% from its November record.  The drop in cryptocurrencies accelerated Monday after interest-rate fears sparked a weekend selloff. Bitcoin, the biggest cryptocurrency, traded at 5 p.m. at $23,250.72 – a drop of 15% from 24 hours earlier.  Shares of Coinbase Global fell 11%, while Celsius Network said it was pausing withdrawals…  On Monday, futures bets showed traders assigned a roughly 85% probability that the Fed will raise its benchmark short-term interest rate by at least 2.5 percentage points by the end of the year from its current range between 0.75% and 1%,… | The Wall Street Journal | 06/14/2022 | Karen Langley, Chelsey Dulaney and Justin Baer |
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| What’s News | Biden is closing in on a decision to lift some tariffs on Chinese imports, as he looks for ways to address inflation and grapples with pressure from labor unions to keep the sanction in place. | The Wall Street Journal | 06/15/2022 |  |
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| Treasury Yield Nears 3.5% | Rocked by data showing a broadening increase in consumer prices, bonds slid sharply on Friday and then again Monday and Tuesday, pushing yields on U.S. Treasurys – which rise when prices fall – to their highest levels in more than a decade.  Now, many say they have little idea how high the Federal Reserve will have to raise short-term interest rates to wrest control of prices, which are rising at a rate several times higher than the central bank’s 2% annual target.  On Tuesday, the yield ono the benchmark 10-year U.S. Treasury note settled at 3.482%, its highest close since April 2011.  The Two-year yield, more sensitive to the near-term outlook for monetary policy, settled at 3.435%, the highest since November 2017 and up from 2.815% Thursday.  Delivering another blow to Treasurys, data released just an hour and a half after the CPI report showed consumers’ long-term inflation expectations rising to their highest level since. 2008.  Treasury yields play a critical role. Their rise this year has helped push the average 30-year fixed mortgage rate above 5% for the first time in more than a decade. | The Wall Street Journal | 06/15/2022 | Sam Goldfarb |
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| S&P 500, Dow Fall further, Nasdaq Gains | The S&P 500 continued its slide a day after it closed in a bear market for the first time since 2020.  The broad market index fell 14.15 points, or 0.4%, to 3735.48, ending the session lower after it seesawed between gains and losses for much of the day. The Dow Jones Industrial Average dropped 151.91 points, or 0.5%, to 30364.83. The Nasdaq Composite rose 19.12, or 0.2%, to 10828.35.  On Monday, the S&P 500 tumbled 3.9% as global markets slumped on concerns that major central banks will have to move more aggressively than expected to combat inflation.  The S&P 500 has fallen 9.6% in June, its worst performance during the first 10 trading sessions to a month since 2008. It is down 22% from its last closing record, which it hit in early January.  The yield-curve difference between two-year and a10-year government debt was inverted at times on Monday and Tuesday.  The yield on the benchmark 10-year Treasury note climbed to 3.482% from 3.371% on Monday.  In commodities, futures on Brent crude, the global oil benchmark, fell 0.9% to settle at $121.17 a barrel. | The Wall Street Journal | 06/15/2022 | Alexander Osipovich, Anna Hirtenstein and Dave Sebastian |
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| What’s News | ♦ U.S. stocks ended higher in the wake of the central bank’s policy meeting, with the S&P 500, Nasdaq and Dow posting gains of 1.5%, 2.5% and 1%, respectively. U.S. government bonds rallied. | The Wall Street Journal | 06/16/2022 |  |
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| What’s News | ♦ Bitcoin staved off a fall under $20,000, bolstered by a market rally after the Fed’s rate decision. | The Wall Street Journal | 06/16/2022 |  |
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| Fed’s Sets Biggest Rate Rise Since ‘94  *Central bank boosts its benchmark by 0.75 point, signals further rapid tightening in 2022* | Officials agreed to a 0.75-percentage-point rate rise at their two-day policy meeting that concluded Wednesday, which will increase the Fed’s benchmark federal-funds rate to a range between 1.5% and 1.75%.  New projections showed all 18 officials who participated in the meeting expect the Fed to raise rates to at least 3% this year, with at least half of all officials indicating the fed-funds rate might need to rise to around 3.375% this year.  “We’re not trying to induce a recession now. Let’s be clear about that,” said Fed Chairman Jerome Powell at a news conference.  But he said it was becoming more difficult to achieve a so-called “soft landing,” in which the economy slows enough to bring inflation down while avoiding a recession. | The Wall Street Journal | 06/16/2022 | Nick Timiraos |
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| Money Pours Out of Chinese Bond Markets | Foreign investors cut their holdings of Chinese bonds by an additional $16 billion in May…  Foreign investors began paring holdings of Chinese bonds in February, the month that Russia invaded Ukraine, which created concerns around the geopolitical risks of investing in China.  In April, yields on Chinese government bonds fell below the yields on equivalent U.S. Treasurys for the first time in more than a decade, removing an attraction for foreign investors in Chinese debt.  As of Wednesday’s settlement, the 10-year Treasury note yielded 3.389%, versus the 2.841% yield on the 10-year Chinese government bond… | The Wall Street Journal | 06/16/2022 | Cao Li and Serena Ng |
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| The Fed Pushes the Envelope  *Raising rates sharply could help the central bank get in front of inflation, but raises the risk of overcooling the economy* | Still, the move counts as a bold stroke by the central bank to bring inflation under control and slow down a labor market that Mr. Powell in his press conference characterized as “extremely tight.” But it also carries a substantial risk: The economy could cool faster than the Fed expects and head toward a recession before the Fed realizes it.  The projections show an expectation for gross domestic product to gain just 1.7% in the fourth quarter from a year earlier and grow at about the same rate in 2023.  The best outcome all around in the months ahead would be for inflation to s tart cooling before the Fed ratchets rates much higher. | The Wall Street Journal | 06/16/2022 | Justin Lahart |
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| Oil-Supply Growth Expected to Lag Behind Demand in ‘23 | Global demand for oil will rise above prepandemic levels next year following three years of Covid-19 lockdowns and the economic shock of the Ukraine war, the International energy Agency said.  Much of the growth in demand next year will be driven by China, as it emerges from stop-start Covid-19 lockdowns, while developed economies are expected to contend with a worsening economic outlook and rampant inflation.  The major oil producers that comprise OPEC+-an alliance of OPEC and non-OPEC producers led by Russia-have struggled to meet their targets for modest supply hikes, beset by technical issues and capacity constraints. | The Wall Street Journal | 06/16/2022 | Will Horner |
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| Fed hike likely to ripple throughout economy | The Federal Reserve rolled out the heavy artillery in its bid to fight a historic inflation spike that has shown little letup.  The aggressive strategy is likely to further slow the economy and increases the risk of recession. It triggered a brutal market sell-off.  The Fed raised its key short-term interest rates by three-quarters of a percentage point Wednesday – its largest hike since 1994 – to a range of 1.5% to 1.75%. It downgraded its economic forecast.  That suggests officials tentatively plan aggressive increases in July and September before throttling back to more typical quarter-point increases the rest of the year. | USA Today | 06/16/2022 | Paul Davidson |
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| Blue Chips Slide Below 30000  *Nasdaq shed 4.1% as technology stocks lead losses a day after the Fed’s big rate move* | Stocks fell Thursday, sending the Dow Jones Industrial Average below 30000 for the first time since January 2021 as volatility continued to rock the market.  The blue chips are down 18% this year, while the S&P 500 is down 23% and the tech-heavy Nasdaq composite has fallen 32%.  The S&P 500 fell 123.22 points, or 3.3%, to 3666.77. The Dow industrials dropped 741.46 points, or 2.4% to 29927.07. Both indexes ended at their lowest closing levels since December 2020.  The technology-focused Nasdaq Composite slumped 453.06 points, or 4.1%, to 10646.10, its lowest close since September 2020. | The Wall Street Journal | 06/17/2022 | Karen Langley and Will Horner |
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| Multiple Indicators Signal Slowing Economy | The U.S. economy is starting to slow under the combined weight of soaring inflation and climbing interest rates – including the highest mortgage rates since 2008.  Home construction across the U.S. fell sharply in May, the Commerce Department said Thursday. Factories in the mid-Atlantic region reduced activity for the first time in two years this month, the Federal Reserve Bank of Philadelphia said. And Americans broadly cut spending at retailers for the first time this year in May…  Economists have slashed their projections for second-quarter output growth in recent days.  Those figures suggested that persistent supply shortages, a 40-year high in inflation and the Federal Reserve’s efforts to tame price pressures by raising interest rates are cooling the world’s largest economy.  The Fed on Wednesday raised its benchmark interest rate by 0.75 percentage point, the biggest increase since 1994, and signaled further increases this year.  Those moves have helped push up borrowing costs for consumers and businesses, meaning that not only are prices for goods and services rising but so is the cost of loans that are used to buy houses, cars and other items. | The Wall Street Journal | 06/17/2022 | Josh Mitchell and Bryan Mena |
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| Exports Help Drive Up Fuel Prices | A rapid rise in American fuel exports this year has helped push gasoline prices to a record $5 a gallon and is pressuring U.S. prices of natural gas, which hit the highest levels in over a decade earlier this month.  In recent months, companies and traders have shipped more U.S. gasoline and diesel to Latin America and other foreign markets, reaping higher prices than the fuel could fetch domestically. They have also sent more liquefied natural gas, or LNG, to Europe after Russia’s invasion of Ukraine.  While fuel exports haven’t hit records, they are trending higher than in prior years.  U.S. benchmark natural-gas prices tumbled almost 17% Tuesday… | The Wall Street Journal | 06/17/2022 | Collin Eaton and Jennifer Hiller |
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| Crypto Lender Investors Fear Crash | Prices for bitcoin and other cryptocurrencies have been plummeting as interest rates rise and risky assets turn unpopular. The difficult market is forcing once-highflying digital-currency companies to slash jobs, but halt mergers and bar clients from withdrawing digital investments, shocking investors.  Crypto companies such as Celsius look like banks in some ways, but they lack the investor oversight and legal protections built into banks and brokerages. | The Wall Street Journal | 06/17/2022 | Gregory Zuckerman, Vicky Ge Huang and Hardika Singh |
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| Recession Fears Rise For CEOs | Most top executives say they think a recession is looming or already here, according to a new survey, reflecting a rapid deterioration of the economic outlook among business leaders.  More than 60% of CEOs expect a recession in their geographic region in the next 12 to 18 months, according to a survey of 750 CEOs and other C-suite executives released Friday by the conference Board, a business research firm.  In late 2021, 22% of CEOs surveyed by the firm reported seeing recession risk. | The Wall Street Journal | 06/18-19/2022 | Alex Harring & Chip Cutter |
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| To Stand Up to a Bear Market, Act Cool – and Act Your Age | For older investors, the decline is potentially devastating.  With the Federal Reserve raising interest rates by 0.75 percentage point this past week and inflation raging at nearly 9%, U.S. stocks have fallen 22% this year; bonds are down 11%. Recovery could take more time than some older investors have.  And it’s important to remember that U.S. stocks, even after this year’s setbacks, have still gained nearly 13% annually over the past decade.  In this case, what U.S. investors should probably fear the most is a replay of the stagflationary slog from 1966 to 1982, when economic growth was spotty, inflation stayed in double digits for years and stocks went utterly nowhere.  On Feb. 9, 1966, the S&P 500 closed at a then-record 94.06. More than 16 years later, on Aug. 12, 1982, it stood at 102.12.  Corporate earnings, after inflation, shrank 15%, according to data from Yale University economist Robert Shiller.  As interest rates have climbed, the so-called real yield on long-term Treasury inflation-protected securities, or TIPS, has risen rapidly to 1% this year. | The Wall Street Journal | 06/18-19/2022 | Jason Zweig |
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| Markets Notch One Of Worst Weeks since 2020  *Whipsawed investors weigh Fed moves, inflation risks: ‘we should expect pain’* | The S&P 500 rose 8.07 points for the day, or 0.2%, to 3674.84, while the Nasdaq composite gained 152.25 points, or 1.4%, to 10798.35. the Dow fell 38.29 points, or 0.1%, to 29888.78.  All three finished the week with sharp losses. The S&P 500 fell 5.8% for the week, its largest decline since the covid pandemic rolled markets in March 2020. The Dow fell 4.8% for the week, its biggest drop since October 2020, while Nasdaq fell 4.8% in the same period.  The once-hot crypto market also had a crazy week, reinforcing investors’ concerns that there is nowhere to hide from the current market turmoil.  Companies like Coinbase announced big layoffs and prices for Bitcoin and other cryptocurrencies tumbled. | The Wall Street Journal | 06/18-19/2022 | Caitlin Ostroff and Hardika Singh |
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| Industrial Output Downshifts Sharply | U.S. industrial production grew at a slower pace in May and manufacturing output fell, the Federal Reserve said, adding to signs of slowing economic growth.  The easing of industrial output added to signs of an economic slowdown.  “the pace at which everything is changing is quite alarming,” said Oren Klachkin, lead U.S. economist at Oxford Economics. | The Wall Street Journal | 06/18-19/2022 | Rina Torchinsky |
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| New York Fed Sees ‘Chances of a Hard Landing’ | According to how the New York Fed models the economy’s path, the report said that “the chances of a hard landing…as occurred during the 1990 recession are about 80%,” while the probability of a “soft landing,” in which gross domestic product essentially remains positive over the next 10 quarters, is 10%.  The outlook is more pessimistic than what the model predicted in March. New York Fed economists tied the change to surging inflation and a more aggressive monetary policy response by the Fed than previously expected. | The Wall Street Journal | 06/18-19/2022 | Michael S. Derby |
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| Home Prices Keep Up Pace | While home sales slowed under pressure from higher mortgage costs, home prices kept climbing in May, with median prices surpassing $400,000 for the first time. The combination of higher rates and record home prices is squeezing many buyers. | The Wall Street Journal | 06/22/2022 | Source: National Association of Realtors |
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| S&P Rallies After Brutal Week  *Broad index finishes 2.4% higher as bullish mood spreads to bitcoin growth stocks* | The S&P 500 gained 89.95 points, or 2.4%, to 3764.79. The Dow Jones Industrial Average added 641.47, or 2.1%, to 30530.25. The Nasdaq Composite Index jumped 270.95 [points. or 2/5%, to 11069.30. The U.S. stock market was closed Monday for the Juneteenth federal holiday.  Bitcoin rose alongside other cryptocurrencies, continuing to claw back some losses after a bruising weekend.  Investors scrambled to unload riskier assets amid growing fears that central bankers will plunge the U.S. economy into a recession.  Investors and analysts expect more pain in the markets, though some are still willing to wade in and buy stocks at a discount after a sell-off that has dragged the S&P 500 down 21% this year.  Tuesday’s bullish mood came alongside a sell-off in U.S. government bonds, sending the yield on the 10-year U.S. Treasury note higher. The yield on the benchmark note traded at 3.304%... | The Wall Street Journal | 06/22/2022 | Caitlin McCabe and Eric Wallerstein |
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| Fed Chief Says Rate Increases Risk a Recession | Federal Reserve Chairman Jerome Powell said the central bank’s battle against inflation could lead it to raise interest rates high enough to cause a recession, offering his most explicit warning this year.  “It’s not out intended outcome at all, but it’s certainly a possibility,” Mr. Powell said Wednesday during the first of two days of congressional hearings.  The yield on the benchmark 10-year U.S. Treasury note declined to 3.155% from 3.304% Tuesday. Yields fall when prices rise. | The Wall Street Journal | 06/23/2022 | Nick Timiraos |
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| Soaring Gasoline Prices Start To Cut Into Customer Demand | In the first full week of June, gasoline sales at U.S. stations were down about 8.2% compared with the same week last year – the 14th consecutive week that sales have lagged behind 2021 levels… | The Wall Street Journal | 06/23/2022 | Jennifer Hiller and Collin Eaton |
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| What’s News | ♦ the U.S. and European economies slowed sharply in June as surging prices of energy and food weakened demand for other goods and services, business surveys showed, increasing the risk of recessions around the world. | The Wall Street Journal | 06/24/2022 |  |
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| What’s News | ♦ Major U.S. stock indexes climbed, with the S&P 500, Nasdaq and Dow industrials posting gains of 1%, 1.6%, and 0.6%, respectively. | The Wall Street Journal | 06/24/2022 |  |
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| Mortgage Rates Rise Further, Hitting 5.81% | Mortgage rates reached the highest level in more than 13 years for the second straight week.  The average rate on a 30-year fixed-rate mortgage rose to 5.81%, mortgage-finance giant Freddie Mac said Thursday, the highest level since November 2008.  The last time mortgage rates hit 6%, in the fall of 2008, they were on the way down. | The Wall Street Journal | 06/24/2022 | Orla McCaffrey |
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| Dow Jumps 800 Points On Easing Rate Fears | The Dow Jones Industrial Average surged 823.32 points, or 2.7%, to close at 31500.68. The S&P 500 climbed 116.01, or 3.1%, to 3911.74, in its biggest one-day gain in percentage terms in more than two years. The technology-heavy Nasdaq Composite added 375.43, or 3.3%, to 11607.62.  Indexes have bounced back after the S&P 500 last week tumbled into a bear market, defined as a 20% drop from a recent high. The broad market index finished the week up 6.4%, though it is still down about 18% from its last record close in January.  The Dow industrials gained 5.4% for the week, while the Nasdaq rallied 7.5%. | The Wall Street Journal | 06/25-26/2022 | Anna Hirtenstein and Alexander Osipovich |
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| Sentiment Sours to Record Low | Consumer sentiment fell to its lowest point on record, reflecting that elevated inflation is weighing on Americans’ moods and adding to indicators that point to a slowing in the world’s largest economy.  New home sales rose 10.7% in May…  Economists, however, expect rising mortgage rates to weigh on sales later this year.  A souring mood for consumers, who face the highest rate of inflation in four decades, is a concerning sign because household spending accounts for about 70% of U.S. economic output.  About 79% of consumers surveyed expressed pessimism about future business conditions, the highest level since 2009… | The Wall Street Journal | 06/25-26/2022 | Bryan Mena |
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| Value Investors Bet Run-Up Is Just Beginning | Value stocks finally have room to run after years of lagging behind, say cliff Asness and Rob Arnott, two prominent investors of the shares.  Although few corners of the stock market emerged unscathed in 2022’s dizzying selloff, value shares – traditionally considered those that trade at a low multiple of their book value, or net worth – have held up better than most.  Mr. Asness, managing and founding principal at AQR Capital Management, and Mr. Arnott, founder and chairman of Research Affiliates, say value stocks are unusually cheap in comparison with growth shares, despite their recent run. | The Wall Street Journal | 06/27/2022 | Karen Langley |
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| Consumer Staples Shares Are Bright Spot | Shares of companies selling staples such as beer, chocolate and canned soup have raced past the broader market in 2022.  Consumer-staples companies are commonly regarded as a haven during volatile markets and recessions. | The Wall Street Journal | 06/28/2022 | Pia Singh |
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|  | **DJIA** 31438.26 ▼ 62.42 0.2%  **NASDAQ** 11524.55 ▼ 0.7%  **STOXX 600** 416.09 ▲ 0.5%  **10-YR. TREAS**. ▼ 18/32, yield 3.193%  **OIL** $109.57 ▲ $1.95  **GOLD** $1,820.90 ▼ $5.60  **EURO** $1.0585  **YEN** 135.47 | The Wall Street Journal | 06/28/2022 |  |
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| What’s News | ♦ U.S. stocks lost ground, with the S&P 500, Nasdaq and Dow falling 0.3%, 0.7% and 0.22%, respectively. | The Wall Street Journal | 06/28/2022 |  |
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| What’s News | ♦ Consumers’ short-term outlook for the U.S. economy dropped sharply to its lowest point in nearly a decade amid inflation concerns, a Conference Board survey showed. | The Wall Street Journal | 06/29/2022 |  |
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| What’s News | ♦. Lagarde said the ECB would raise rates gradually over the coming months, veering from a global push toward faster increases. | The Wall Street Journal | 06/29/2022 |  |
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| Rising Interest Rates Will Crush the Federal Budget | The Federal Reserve’s policies of increasing interest rates and quantitative tightening – reducing its $8.9 trillion balance sheet – will increase the volume and cost of federal government borrowing, slamming the federal budget and exposing the consequences of decades of deficit spending.  Since February 2020, publicly held U.S. Treasury debt has exploded, growing from about $17 trillion to $24 trillion.  Quantitative tightening is a big initiative.  That is changing. Short-term rates have risen 1.5% following the Fed’s 75-basis-point rate increase in June and smaller increases in March and May. By the end of 2022, additional rate increases will bring cumulative rate increases to 3%, according to the Fed’s official guidance.  As this additional 3% works its way into the refinancing of maturing Treasurys, federal interest costs will skyrocket.  With the federal government in perpetual deficit, where will the Treasury find money to make extra interest payments? New taxes? Lower spending? | The Wall Street Journal | 06/30/2022 | Red Jahncke |
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| What’s News | ♦ U.S. stocks were little changed, with the Dow adding 0.3% and the S&P 500 and Nasdaq slipping 0.07% and 0.03%, respectively. | The Wall Street Journal | 06/30/2022 |  |
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| Inflation Worries Powell More than Recession | “Is there a risk we would go too far? Certainly there’s a risk,” Mr. Powell said Wednesday. “the bigger mistake to make – let’s put it that way – would be to fail to restore price stability.”  Fed officials are raising rates at the most aggressive pace since the 1980s in part because of concerns that higher prices could change consumer psychology in ways that sustain high inflation.  Central banks across the globe are in a hurry to raise interest rates amid surging price pressures.  Since March, the Fed has raised its benchmark federal-funds rate three times from near zero to a range between 1.5% and 1.75%, including a 0.75 percentage-point rise this month, the largest in 28 years. | The Wall Street Journal | 06/30/2022 | Nick Timiraos and Tom Fairless |
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|  | **DJIA** 31029.31 ▲ 82.32 0.3%  **NASDAQ** 11177.89 ▼ 0.03%  **STOXX 600** 413.42 ▼ 0.7%  **10-YR. TREAS**. ▲ 31/32, yield 3.091%  **OIL** $109.78 ▼ $1.98  **GOLD** $1,813.70 ▼ $3,80 | The Wall Street Journal | 06/30/2022 |  |

“Keep your eyes wide open before a marriage; half shut afterwards.” *Benjamin Franklin*

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