|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **RESOURCE LOG – JULY 2022** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
|  |  |  |  |  |
| High Court Limits EPA on Emissions | The Supreme court ruled that federal regulators exceeded their authority in seeking to limit emissions from coal plants, a decision that sharply curtails the executive branch’s authority to make policy actions on a range of issues without congressional direction.  “A decision of such magnitude and consequence rests with Congress itself, or an agency acting pursuant to a clear delegation from that representative body,” chief justice wrote, faulting the EPA for finding new powers in “the vague language of a long-extant, but rarely sued, statute.” | The Wall Street Journal | 07/01/2022 | Jan Wolfe and Timothy Puko |
|  |  |  |  |  |
| Markets Post Worst First Half Of Year In Decades | Accelerating inflation and rising interest rates fueled a monthslong rout that left few markets unscathed. The S&P 500 fell 21% through Thursday, suffering its worst first half of a year since 1970, according to Dow Jones Market Data. The blue-chip Dow Jones Industrial Average lost 15%.  Investment-grade bonds, as measured by the iShares Core U.S. Aggregate Bond exchange-traded fund, lost 11% - posting their worst start to a year in history.  Stocks and bonds in emerging markets declined, hurt by slowing growth. And cryptocurrencies came crashing down, saddling individual investors and hedge funds alike with steep losses.  About the only ting that rose in the first half was commodities prices. Oil prices surged about $100 a barrel… | The Wall Street Journal | 07/01/2022 | Akane Otani |
|  |  |  |  |  |
| China Shows Upturn In Economic Activity | Economic activity in China expanded in June after three straight months of contraction, according to official surveys of businesses and factories that point to a modest recovery after covid-19 restrictions were eased in the world’s second-largest economy. | The Wall Street Journal | 07/01/2022 | Jason Douglas |
|  |  |  |  |  |
| Treasury Rally Pushes Yield Below 3% | The yield on the 10-year note fell to 2.973% after settling on Wednesday at 3.091%. A bond’s yield falls when its prices rises.  Fears of an economic downturn have drawn more investors toward the guaranteed returns offered by ultrasafe Treasury bonds, reversing some of the rapid gains yields saw earlier this year. | The Wall Street Journal | 07/01/2022 | Matt Grossman |
|  |  |  |  |  |
| Growth Worries Pose a Challenge To Oil’s Run-Up | War, the pandemic and world-wide supply problems held oil prices near their highest levels in almost a decade this past quarter. Slowing growth may be the biggest threat to the rally.  Brent crude, the global oil benchmark, finished June not far from where it came into April, rising 6.4%, to $114.81 since the start of the quarter.  Meanwhile, prices for diesel, the fuel of choice for many commercial vehicles, are up about 78% from last year at $5.780 a gallon…  That has made crude oil a key driver of the soaring inflation that rattled financial markets this spring.  As growth fears have mounted, crude prices through Wednesday were on track in June to record their first down month since November 2021. | The Wall Street Journal | 07/01/2022 | Matt Grossman |
|  |  |  |  |  |
| Biden Seeks New Offshore Drilling Curb | The Biden administration plans to block new offshore oil drilling in the Atlantic and Pacific oceans, while allowing limited expansion in the Gulf of Mexico and Alaska’s south coast.  But the plan is still being developed and gives the administration several options – including one that would forgo new lease sales entirely, according to the Interior Department. | The Wall Street Journal | 07/02-03/2022 | Timothy Puko |
|  |  |  |  |  |
| What’s News | ♦ Factories around the world are reporting weakening demand for their products, surveys show. | The Wall Street Journal | 07/02-03/2022 |  |
|  |  |  |  |  |
| The Selloff, and What Comes After | Soaring inflation, rising interest rates and the specter of an economic downturn all contributed to a 21% declines in the S&P 500 in the first six months of 2022. Since 1960, the S&P 500 has had just two first-half losses greater than this year’s drop – with the last coming more than half a century ago.  Many of the large tech-related companies that drove the rise of the S&P 500 in the past decade dragged it into a bear market this year.  The Federal Reserve’s interest-rate increases have been one reason tech shares have been so hard-hit. Such hikes can hurt demand for tech shares because they cause the market to devalue future earnings of growth companies.  B**ONDS**  Rising inflation, combined with expectations of more interest-rate increases, have contributed to a selloff in the bond market this year. The yield on 10-year Treasurys rose to its highest level since 2011, but there was an event more notable increase in the yield on the two-year note . Bond yields rise as prices fall.  **Cryptocurrencies**  The broad selloff in cryptocurrencies started in November and has continued as investors retreat from risky bets across markets.  Crypto’s total value in circulation has fallen by about $2 trillion, or by more than two-thirds since bitcoin hit an all-time-high late last year.  The price of bitcoin has dropped by about 70% from its peak of $67,802 last year. Ether, the second-most-popular cryptocurrency, has declined roughly 80%.  **The Dollar**  The value of the dollar reached multidecade highs in the first half, driven by rising U.S. interest rates and weak overseas economic conditions.  A strong dollar can help combat inflation because it makes imported goods less expensive, but it can also curtail economic growth. U.S. products became more expensive for foreigners, and American companies receive fewer dollars in exchange for their overseas exports. | The Wall Street Journal | 07/02-03/2022 | WSJ Graphics Staff |
|  |  |  |  |  |
| Inflation Hasn’t Burnished gold So Far in ‘22 | Robust inflation and a stock-market rout didn’t do much for gold prices in the first half of the year. Investors don’t expect conditions to improve.  After gold c limbed near records in March, prices slumped over the next three months to their biggest quarterly percentage decline in more than a year. The most actively traded gold futures contract has fallen 7.5% to $1,807.30 a troy ounce, its worst quarter since the 9.5% decline in the period ending in March 2021.  Gold’s slide has hit shares of mining companies. U.S. listed shares of Barrick Gold Corp. fell 28% this quarter and Colorado-based Newmont Corp. slipped 25%.  One factor that could help lift gold from its rut: Some investors worry the Fed’s tightening could tip the economy into recession, lowering bond yields and weakening the dollar.  Many also still view gold as a way to protect portfolios against inflation and market swings heading into an uncertain second half. | The Wall Street Journal | 07/02-03/2022 | Hardika Singh |
|  |  |  |  |  |
| Decline In Prices for Raw Materials Buoys Investors | A slide in all manner of rea-materials prices – corn, wheat, copper and more – is stirring hopes that a significant source of inflationary pressure might be starting to ease.  Natural-gas prices shot up more than 60% before falling back to close the quarter 3.9% lower. U.S. crude slipped from highs above $120 a barrel to end around $106.  …a basket of industrial metals that trade in London has tis worst quarter since the 2008 financial crisis.  Many raw materials remain historically high-priced, to be sure.  Natural-gas inventories in the Lower 48 states are 12.5% below the five-year average for this time of year, down from a deficit of roughly 17% in March, the EIA said.  Higher mortgage rates have cooled the market for new homes and popped the pandemic lumber bubble. | The Wall Street Journal | 07/05/2022 | Ryan Dezember |
|  |  |  |  |  |
| If the U.S. Is in a Recession, It’s a Very Strange One  *Economic output is down, but the job market is strong* | The U.S. economy has experienced 12 recessions since World War II, and each on included two features: Economic output contracted and unemployment rose.  Today, something highly unusual is happening. Economic output fell in the first quarter and signs suggest it did so again in the second. Yet the job market showed little sign of faltering during the first half of the year. The jobless rate fell from 45 last December to 3.6% in May.  Some companies, especially in the tech sector, have given indication that they’re pulling back on hiring, though across the broad economy the job market has rarely looked stronger. | The Wall Street Journal | 07/05/2022 | Jon Hilsenrath |
|  |  |  |  |  |
| Late Rally Propels Nasdaq, S&P | Two of the three major U.S. stock indexes closed higher after the market staged a late-day rally.  The S&P 500 rose 0.2%, or 6.06 points, to 3831.39…  The Dow Jones Industrial Average lost 0.4%, or 129.44 points, to close at 30967.82.  …Nasdaq Composite Index shed earlier losses to gain 1.7%, or 194.39 points…  Gains in the S&P’s communications services, consumer discretionary and information technology sectors pushed the broad-market index into the green for the day. The energy sector recorded the largest decline of any sector, down about 4%, as oil prices fell. Exxon Mobil and Chevron each fell about 3%.  Gold prices fell 1.9%, while the WSJ Dollar Index, which measures the greenback against a basket of 16 currencies, advanced 1%. | The Wall Street Journal | 07/06/2022 | Caitlin McCabe and Orla McCaffrey |
|  |  |  |  |  |
| Euro Near 20-Year Low Point Vs. Dollar | A flight to the U.S. dollar pushed currencies around the world to their lowest levels in years, as economic prospects in Europe and elsewhere darkened under the cloud of soaring energy prices.  The euro neared a 20-year low against the dollar Tuesday after natural gas and electricity prices surged on the continent. | The Wall Street Journal | 07/06/2022 | Caitlin Ostroff and Tom Fairless |
|  |  |  |  |  |
| Consumer Inflation View Weighs on Fed | Federal Reserve officials have indicated they accept the risks of causing a recession because they are determined to prevent something they view as worse: a change in consumer psychology that could sustain high inflation.  Fed Chairman Jerome Powell acknowledged last week that the central bank’s recent turn toward lifting interest rates in 0.75-percentage-point increments raises the chances of an economic downturn.  Inflation became entrenched in the 1970s after high inflation expectations took hold. In the early 1980s, the Fed delivered shock therapy with punishing rate increases that brought down inflation but triggered recessions that featured the highest unemployment rates since the Great Depression.  Worries about inflation expectations were one reason Fed officials lifted their benchmark interest rate by 0.75 point last month and have signaled they are likely to approve another such increase July 26-27. | The Wall Street Journal | 07/06/2022 | Nick Timiraos |
|  |  |  |  |  |
| EU Approves Broad New Laws To Rein In Big Tech Companies | European lawmakers approved two sweeping new pieces of digital regulation on Tuesday, paving the way for clashes between regulators and some of the world’s biggest tech companies over how the rules should be applied.  The laws, which are backed by the threat of noncompliance fines in some extreme cases of as much as 20% of a company’s annual world-wide revenue, are the most far-reaching Western efforts to rein in technology companies in at least a generation. | The Wall Street Journal | 07/06/2022 | Sam Schechner and Kim Mackrael |
|  |  |  |  |  |
| Oil Sinks Below $100 as Demand Weakens | Slowing demand and recession fears helped bring the benchmark U.S. oil price below $100 a barrel Tuesday…  The growth outlook is darkening as central banks work to get inflation under control by cooling economic activity, pulling down traders’ forecasts for oil demand.  West Texas Intermediate, the U.S. standard, finished down $8.93, or 8.2%, to $99.50 a barrel, its first close below $100 since early May… | The Wall Street Journal | 07/06/2022 | Matt Grossman |
|  |  |  |  |  |
| Fed Takes Stricter Stance in Speeding Rate Rise | Federal Reserve officials agreed at their meeting last month they would have to raise interest rates faster and to levels high enough to slow economic growth because of the worsening inflation picture.  Officials voted to raise their benchmark rate by 0.75 percentage point in June… | The Wall Street Journal | 07/07/2022 | Nick Timiraos |
|  |  |  |  |  |
| The Fed Ignored the Money Supply, and a Recession Is coming | The relationship between money and inflation remains a mystery to many who should understand it – including Federal Reserve chairman Jerome Powell.  By analyzing the money supply during the global financial crisis, which started in 2008, and our current inflation, we can see why t he U.S. economy and inflation behaved differently in those two periods. It’s all about money, not fiscal policy, supply chains or energy prices.  Money dominates. Broad money growth drives nominal spending.  If the ability of banks to create money is impaired for any reason, the Fed can step in and engage in quantitative easing, purchasing assets on a large scale. This increases the money supply because asset purchases by the Fed from the nonbank public result in a payment passing from the Fed to the seller, which deposits the payment in a commercial bank. This is new money.  The Great Inflation started with the covid-10 pandemic. Commercial-bank balance sheets were in food shape, and, in the early stages of the crisis, Washington encouraged banks to lend more. Banks were ready and willing to create money, and they did. The Fed stepped in to create even more money.  As a result, M2 has risen by $6.3 trillion since the start of 2020, of which $4.8 trillion has come directly from the Fed and a net $1.5 trillion has come from the banks.  This inflation cannot be reversed, but in its panic to raise rates and begin quantitative tightening, the Fed has, in the three months before June, allowed M2 growth to plunge to an anemic annualized growth rate of 0.1%.  If this minuscule growth in the money supply persists, a recession will start in late 2022 or early 2023. | The Wall Street Journal | 07/08/2022 | John Greenwood and Steve H. Hanke |
|  |  |  |  |  |
| Stocks Stage Broad-Based Rally | Stocks posted their fourth straight session of gains Thursday, lifted by shares of everything from banks to consumer-focused companies.  Major indexes have mostly risen this week, despite investors getting some mixed economic data.  Investors widely expect economic data to weaken as the Federal Reserve continues raising interest rates to rein in inflation.  The S&P 500 rose 57.54 points, or 1.5%, to 3902.62, notching its longest winning streak since March. The tech-heavy Nasdaq composite Index gained 259.49 points, or 2.3%, to 11621.35 and ended Thursday with its longest winning streak since March.  The Dow Jones Industrial Average climbed 346.87 points, or 1.1%, to 31384.55. | The Wall Street Journal | 07/08/2022 | Alyssa Lakhpat |
|  |  |  |  |  |
| Recession Fear Sinks Copper to 2-Year Low | Copper prices have fallen to their lowest level in nearly two years, with investor concerns about an economic slowdown intensifying.  That has copper, used in everything from construction to electronics, on pace to decline for five consecutive weeks. On Thursday, prices rose 4.8% to $3.572 a pound but remain off nearly 30% from their records.  Behind the fall is concern about slowing demand as the Federal Reserve raises interest rates and as China, a leading user of the metal, has a sluggish recovery from Covid-19 lockdowns. | The Wall Street Journal | 07/08/2022 | Margot Patrick |
|  |  |  |  |  |
| S&P 500 Dow Notch Gains for The Week | The S&P 500 notched a week of strong gains, a reprieve for many investors after a prolonged bout of volatility.  The S&P 500 inched lower Friday, but it rose 1.9% this week, while the Dow Jones Industrial Average added 0.8%. the tech-heavy Nasdaq Composite jumped 4.6%, and on Friday rose for the fifth consecutive session, notching its longest winning streak of the year. | The Wall Street Journal | 07/09-10/2022 | Gunjan Banerji and Caitlin McCabe |
|  |  |  |  |  |
| Small-Cap Stocks Poised for a Comeback | Small-caps have been stung by big losses this year. Some investors think that may be about to change.  Both small-caps and the broader market have had a terrible year so far. The S&P 500 fell 221% through the first six months of 2022, its worst first-half performance since 1970,…  So far this month, the Russell 2000 is up 3.6%, while the S&P 500 is up 3%.  …Jurrien Timmer, director of global macro at Fidelity Investments.  Mr. Timmer said that small-caps, which peaked before the broader market did, might be poised to hit their bottom earlier too.  “the only other time small-caps were this cheap relative to large-caps was during the height of the tech-bubble period,” said Jill Carey Hall, U.S. equity strategist at Bank of America. | The Wall Street Journal | 07/09-10/2022 | Pia Singh and Akane Otani |
|  |  |  |  |  |
| Inflation Looms Over Earnings Season  *JPMorgan, Pepsi, Delta to report results this week; some investors fear forecasts too rosy* | Investors expect concerns about hot inflation and strapped consumes to dominate the corporate-earnings season that kicks off this week, …  The S&P 500 has fallen 18% in 2022, even after rallying 3% to start July.  Tightening monetary policy has slashed the rick valuations that stocks carried at the start of the year, leaving earnings growth as a key pillar of support.  Earnings among companies in the S&P 500 are projected to have risen 4.3% in the second quarter from a year earlier as of Friday, according to FactSet. That would mark the slowest pace of growth since the fourth quarter of 2020. For the year, profits are projected to rise 10%.  Analysts have lowered their near-term earnings estimates in recent months…  The second quarter has seen the highest number of companies in the S&P 500 issue downbeat earnings guidance since 2019, according to FactSet. | The Wall Street Journal | 07/11/2022 | Hannah Miao |
|  |  |  |  |  |
| Fed Wary of Repeating 1970s Error | Since the Fed raised its interest-rate target by 0.75 percentage point in June, the largest increase in 28 years, investors have responded in ways that reflect growing worries about recession. Oil and commodity prices have tumbled.  Futures markets now see the Fed pushing its benchmark rate, currently between 1.5% to 1.75%, to around 3.5% by next March. Market expect the Fed to cut rates later next year.  Fed officials are eager to see inflation pressures diminish soon so that they won’t have to raise interest rates above 4$ or 5%. But they are also using terms such as “fortitude,” “resolute” and “bumpy road” to show they are alert to the risks of stubborn inflation. | The Wall Street Journal | 07/11/2022 | Nick Timiraos |
|  |  |  |  |  |
| Tech Hiring Spree Starts to Cool  *Twitter, Netflix, Amazon are among the companies curbing hiring or cutting jobs* | “There is some slowing in hiring as fears of a significant downturn or recession are on the horizon,” information technology consulting firm Janco Associates Inc. wrote in a report on Friday’s numbers… | The Wall Street Journal | 07/11/2022 | Sebastian Herrera and Sarah Donaldson |
|  |  |  |  |  |
| In New Spin, Strong Dollar Wins Inflation Struggle | The scale of the recent move in the dollar is unusual, but it is the level that really stands out. The greenback is just over 1 cent from parity with the euro for the first time since 2002…  The dollar’s been powered up by the combination of economic logic and monetary support.  The monetary logic is obvious. Money in the U.S. earns a higher yield than money in the rest of the developed world. The Fed is lifting rates to try to fight inflation, the European Central Bank says it will, bit hasn’t yet, and the Bank of Japan says it won’t. Even as expectations for Fed rate increases have been pared back in recent weeks as recession fears grew, eurozone expectations have dropped faster. The wider gap that results between two-year bond yield in the U.S. and Europe supports the dollar. | The Wall Street Journal | 07/11/2022 | James Mackintosh |
|  |  |  |  |  |
| Stocks Decline Before Earnings, CPI Data | Stocks fell to start the week as investors prepared for fresh inflation data and corporate earnings that could influence the Federal Reserve’s path for interest-rate increases.  All three major indexes opened lower, regained some ground and then lost steam into the close. The S&P 500 fell 44.95 points, or 1.2%, to 3854.43. The blue-chip Dow Jones Industrial Average lost 164.31 points, or 0.5%, to 31173.84. The Nasdaq composite Index shed 262.71, or 2.3%, to 11372.60 as technology stocks lost ground. | The Wall Street Journal | 07/12/2022 | Anna Hirtenstein, Rebecca Feng and Pia Singh |
|  |  |  |  |  |
| What’s News | ♦ The most significant changes to global tax rules in a century will take longer than planned, negotiators said, as they struggle to reach a formal agreement on how countries with large consumer markets could collect more corporate tax revenue. | The Wall Street Journal | 07/12/2022 |  |
|  |  |  |  |  |
| What’s News | ♦ U.S. stocks fell to start the week, with the S&P 500, Nasdaq and Dow industrials losing 1.2%, 2.3% and 0.5%, respectively. | The Wall Street Journal | 07/12/2022 |  |
|  |  |  |  |  |
| Stocks, Oil Decline On Fear Recession Looms | The S&P 500 fell for a third consecutive session, losing 35.63 points, or 0.9%, to 3818.80. The Dow Jones Industrial Average declined 192.51 points, or 0.6%, to 30981.33. the technology-focused Nasdaq Composite shed 107.87, or 0.9%, to 11264.73. Losses accelerated in the final hour of the trading session. Worries about an economic slowdown have stoked a rapid reversal in oil prices, which had raced higher for much of the year. Brent crude future, the benchmark in international energy markets, fell 7.1% to $99.49 a barrel,  Earnings season among major U.S. companies will pick up speed later in the week with results due from major financial institutions. Investors will pay particular attention to bank executives’ commentary on the economy, and to the effects of higher input costs on profit margins. | The Wall Street Journal | 07/13/2022 | Gunjan Banerji and Joe Wallace |
|  |  |  |  |  |
| Dividend Payouts Hit Quarterly Record | Dividend payouts set another record in the second quarter, a reassuring sign to investors who have flocked to steady, income-generating stocks during the market downturn this year.  Annual dividend payouts have notched new highs every year for a decade, excluding a slight decrease in 2020.  Payments this year are projected to grow at a faster pace than usual, as companies have logged strong sales and are passing on a slice of the elevated profits to shareholders…  “Businesses want to send a message to investors that they are in good health,” said Brian Jacobsen, senior investment strategist at Allspring Global Investments.  The broader equity market has struggled this year amid the challenging crosscurrents, but dividend stocks have seen a resurgence in 2022 as investors seek a regular stream of cash to weather the economic turmoil.  The S&P 500 High Dividend Index, made up of 80 high-yield S&P 500 companies, is down 4.7% in 2022, narrower than the S&P 500’s 20% drop. | The Wall Street Journal | 07/13/2022 | Hannah Miao |
|  |  |  |  |  |
| Price Data Set Off More Bond Volatility | Treasury yields, which rise when bond prices fall, jumped immediately after the government released new consumer-price index data, which showed broad-based inflation reaching another four-decade high.  Investors have also focused on mounting signs of slowing economic growth over the past month,… | The Wall Street Journal | 07/14/2022 | Sam Goldfarb and Matt Grossman |
|  |  |  |  |  |
| What’s News | ♦ U.S. consumer inflation accelerated to 9.1% last month, a pace not seen in more than four decades, adding pressure on the Federal Reserve to act more aggressively to slow rapid price increases throughout the economy. | The Wall Street Journal | 07/14/2022 |  |
|  |  |  |  |  |
| Stocks Decline as Inflation Accelerates | Stocks fell Wednesday after data showed inflation reached a four-decade high last month, bolstering expectations that the Federal Reserve will continue aggressively tightening monetary policy.  The broad U.S. stock index dropped 17.02 points, or 0.4%, to 3801.78. the Dow Jones Industrial Average declined 208.54 points, or 0.7%, to 30772.79. the tech-heavy Nasdaq Composite lost 17.15 points, or 0.2%, to 11247.58.  Falling prices for commodities such as oil, grains and industrial metals in recent weeks could be a sing that inflation is starting to ease.  But even if inflation does start to relent, investors expect the Fed to keep raising interest rates and unwinding its bond-purchase program this year. | The Wall Street Journal | 07/14/2022 | Karen Langley and Joe Wallace |
|  |  |  |  |  |
| Oil-Supply Crisis Shows Signs of Easing As Economic Worries Lessen Demand | The worst oil-supply crisis in decades is showing tentative signs of easing as flagging economic growth weighs on demand for crude while sanctions of Russia are having less impact on oil production than expected, the International Energy Agency said Wednesday.  Prices were little changed on Wednesday. Brent crude, the international benchmark, added 8 cents a barrel to end at $99.57. U.S. crude futures gained 46 cents a barrel to close at $96.30.  Meanwhile, the Organization of the Petroleum Exporting Countries, a cartel of major oil producers, has struggled to meet its planned targets to gradually raise output.  OPEC’s oil-market report published Tuesday offered a similar view of flagging economic growth and waning demand for oil.  Global oil demand growth would slow to 2.7 million barrels a day from 3.4 million barrels a day in 2022, OPEC said. | The Wall Street Journal | 07/14/2022 | Will Horner |
|  |  |  |  |  |
| What’s News | ♦ Suppliers’ price rises picked up in June and stayed near historic highs, a sign upward price pressures remain entrenched in the U.S. economy. | The Wall Street Journal | 07/15/2022 |  |
|  |  |  |  |  |
| JP Morgan Earnings Reflect Uncertain Economy  *Profit dropped 28%, M&A activity cooled but customer spending, credit remained strong* | The New York company said customers continued spending despite rising inflation, businesses continued borrowing and loan losses remained practically nonexistent. But executives said there remains more uncertainty than normal, dragging down big corporate activity such as mergers and acquisitions and leading the bank to set aside more funds for potential future loan losses.  But even after a broad selloff, valuations in many markets remain stretched and the prospect of Federal Reserve interest-rate increases is spurring a continued retreat from stocks and other risky assets. | The Wall Street Journal | 07/15/2022 | David Benoit and charley Grant |
|  |  |  |  |  |
| Strains Extend Euro’s Decline | The European common currency fell 0.4% against the dollar Thursday but closed above parity in late New York trading. At times during the day, the currency traded below parity. | The Wall Street Journal | 07/15/2022 | Source: FactSet |
|  |  |  |  |  |
| Welcome to the Full-Employment Recession | Is the U.S. economy in a recession? Real gross domestic product contracted at an annual rate of 1.6% in the first quarter of 2022, according to a recent estimate by the Bureau of Economic Analysis. The Federal Reserve Bank of Atlanta estimates that the economy contracted by a seasonally adjusted 1.2% in the second quarter. If those estimates turn out to be correct, the U.S. economy will have contracted for two consecutive quarters, the technical definition of a recession.  This recession – if that’s what it is – isn’t like other recessions. According to the latest employment report issued by the Bureau of Labor Statistics, the economy added 372,000 new jobs in June, with the unemployment rate remaining stable at 3.6%.  The economy grew by 5.7% in 2021, the largest annual gain since the 1980’s,…  Economic growth has been declining decade by decade since the 1960s, when annual real GDP advanced by an average of 4.5% before falling to 3.3% I the 1970s, 3.1% in the 1980s and 3.2% in the 1990s.  The labor-force participation rate has also been declining in recent decades…  Part of this decline reflects the aging of the population: The baby boomers are retiring.  Female participation has declined slightly in recent years, to 58%, so that this element in American economic growth appears to have run its course.  These two factors account for the long-term slowdown in economic growth juxtaposed against a low unemployment rate. | The Wall Street Journal | 07/15/2022 | James Piereson |
|  |  |  |  |  |
| S&P, Dow Drop As Banks Flash Warning | The S&P 500 recorded a fifth consecutive down day as earnings reports from financial behemoths spotlighted concerns about the economic outlook.  The Dow Jones Industrial Average lost 142.62 points, or 0.5%, at 30630.17.  Fed governor Christopher Waller on Thursday said he would favor a 0.75-percentage-point rate increase at the central bank’s meeting this month – though disappointing economic data between now and then could tip the scale in favor of a larger increase.  Jobless claims edged up last week to the highest level this year, data released Thursday showed.  Energy stocks were the worst-performing sector in the S&P 500, down 1.9%. Marathon Oil and Valero Energy both lost t1.6%. Other commodity-related companies also fell… | The Wall Street Journal | 07/15/2022 | Hannah Miao and Will Horner |
|  |  |  |  |  |
| Bonds Are Volatile, Stocks Stay Stable | The bond and foreign-exchange markets are undergoing their sharpest bouts of volatility since the onset of the Covid-19 pandemic.  The benchmark S&P 500 is down 20% in 2022.  Those declines have kicked off a debate among investors about whether stocks have more room to fall, especially if higher rates lead to a rise in unemployment and eventually a recession. | The Wall Street Journal | 07/15/2022 | Eric Wallerstein |
|  |  |  |  |  |
| What’s News | ♦ China’s GDP growth is unlikely to make a quick comeback, say economists who forecast a drawn-out recovery as Beijing seeks to stabilize the economy. | The Wall Street Journal | 07/16-17/2022 |  |
|  |  |  |  |  |
| Spending Remains Strong As Prices Move Up | U.S retail sales rose 1.0% in June…  Consumers spent more last month across a range of goods that also surged in price,…  Households’ ability to maintain spending reflects remarkably robust finances and strong job prospects…  U.S. stocks rebounded Friday after the upbeat retail spending report, capping a volatile week as investors digested inflation and other economic data, and a flurry of corporate-earnings reports.  Consumer sentiment in early July held near the lowest level on records, with nearly half of surveyed consumers blaming inflation for eroding their living standards, the University of Michigan’s index of consumer sentiment said. Home construction is also slowing.  Americans spent 3.6% more at gas stations in June than a month earlier… | The Wall Street Journal | 07/16-17/2022 | Sarah Chaney Cambon and Rina Torchinsky |
|  |  |  |  |  |
| Dow Rises Over 600 Points on Retail Data | U.S stocks rebounded Friday, capping a volatile week that saw investors respond to a flurry of corporate-earnings reports and economic indicators.  The news at times offered conflicting narratives on the nation’s economic outlook.  The S&P 500 added 1.9% snapping a five-session losing streak. The tech-focused Nasdaq Composite gained 1.8%, and the Dow Jones Industrial Average rose 658.09 points, or 2.1%, to 31288.26.  Investors are trying to assess how officials will balance the need to tame inflation with concerns over a potential recession. U.S. consumer inflation accelerated to 9.1% in June, a pace not seen in more than four decades…  More than two-thirds of the nation’s economic activity is tied to household spending.  “You don’t get a recession by adding 6 million jobs or having consumer spending that isn’t shrinking,” said Brad McMillan, chief investment officer at Commonwealth Financial Network. | The Wall Street Journal | 07/16-17/2022 | Caitlin Ostroff and Justin Baer |
|  |  |  |  |  |
| Recession Fears Fuel Bearish Bets | Asset managers and hedge funds recently stepped up bearish bets against U.S. stocks to the highest level since 2016, when fears about a global slowdown were on the rise. That is according to a JPMorgan Chase & Co. analysis of futures tracking major stock indexes.  Behind the angst? Fears of a recession on the horizon and sky-high inflation that, so far, hasn’t abated.  The bond market’s most prescient recession indicator – the inverted yield curve – recently reached its widest level in two decades…  Adding to uncertainty for investors this year: Markets from bonds to commodities and currencies have been rolled with some of the biggest swings in history.  Right now, “It’s as risky as it’s been in the last 11 years that I’ve been doing this,” said Roberto Croce, head of risk parity at Newton Investment Management Group. “The market could still be in for another shoe to drop here.” | The Wall Street Journal | 07/16-17/2022 | Gunjan Banerji and Eric Wallerstein |
|  |  |  |  |  |
| Investors Pile Into Fixed Annuities | Losses on stocks and bonds, plus higher interest rates, have turned investors toward fixed-rate annuities, a haven that is offering decent yields for the first time in years.  One of the appeals of fixed-rate annuities is that they don’t lose value the way bond funds have in recent months as interest rates rose, said Todd Giesing, Limra’s head of annuity research.  Annuities aren’t backed by federal government deposit insurance, as are bank CDs, but instead are protected through a state-based, industry-funded system of guarantee associations.  One drawback to annuities is that they can include surrender charges as high as about 7%... | The Wall Street Journal | 07/16-17/2022 | Leslie Scism |
|  |  |  |  |  |
| Debt-Market Jitters Start to Affect Leveraged Loans | For most of 2022, junk-rated loans made to debt-laden companies gave investors stability amid battered credit markets. Now, recession fears are pushing down loan values and cutting returns in the $1.4 trillion leveraged-loan market.  Through April, while government- and corporate-bond prices plummeted, the leveraged-loan market barely blinked.  S&P’s leveraged-loan index shed just 0.3%, including price changes and interest payments, during that time. In contrast, S&P’s U.S. high-yield corporate-bond index was down 8%.  Since the start of May, however, leveraged loans have taken a leg down, with S&P’s tracker returning minus 4.5% during a stretch when the high-yield index was down 5%.  As the interest borrowers pay on leveraged loans rises and falls with benchmark rates, it has a push-and-pull effect on investors’ financial analysis. Rising rates mean stronger returns for loan investors. But they also increase the financial burden on companies that have borrowed funds.  Worsening financial conditions can hurt leveraged loans even if corporate borrowers don’t default.  …Sinjin Bowron, a portfolio manager at Beach Point Capital Management.  “While we don’t anticipate a big default wave, we do anticipate a big downgrade wave, Mr. Bowron said. “That will have an impact… | The Wall Street Journal | 07/18/2022 | Matt Grossman |
|  |  |  |  |  |
| War of Attrition Takes Toll on Russia, West | The global economy is now projected to grow 2.8% instead of its prewar forecast of 3.9%, with the biggest losses in output suffered by Italy, Germany and France, the EIU says.  The Institute of International Finance, a Washington-based trade group, projects Russia’s output will fall 15% for the year as a while from 2021.  Russia’s official inflation rate soared to 15.9% in June – far higher than in the U.S. and Europe – government figures show.  But the was is also exacting a toll on the West, analysts say. Trade disruptions caused by the sanctions, combined with investor fears of an eventual shortage of energy, have pushed up prices for oil, natural gas and other commodities.  Meanwhile, economists surveyed this month by the Wall Street Journal expect the U.S. to grow just 0.7% in the fourth quarter from a year earlier, a downgrade from their 3.3% projection in January.  That outlook could slip further if the energy crisis deepens.  High inflation is contributing to political strife in the West.  European plans to embargo Russian oil later this year could send energy prices up even more sharply and push the U.S. and Europe into recession, JPMorgan said. | The Wall Street Journal | 07/18/2022 | Josh Mitchell |
|  |  |  |  |  |
| What’s News | ♦ U.S. stocks fell, with the S&P 500 and Nasdaq both retreating 0.8% and the Dow shedding 0.7%. | The Wall Street Journal | 07/19/2022 |  |
|  |  |  |  |  |
| Global Housing Boom Slows As Central Banks Raise Rates | Rising interest rates are slamming the brakes on a global housing boom that spread far beyond the U.S. during the pandemic, heaping extra pressure on central banks as they try to tame inflation without triggering downturns in their economies.  From Europe to Asia to Latin America, residential real-estate markets are coming off the boil, and in some cases seeing home values fall, as central banks jack up borrowing costs to ring consumer-price growth to heel.  Falling house prices usually result in weaker consumer spending as homeowners see wealth evaporate, easing upward pressure on inflation. Overall economic activity should slow as construction dwindles, banks issue fewer loans and real-estate agents make fewer sales.  The risk, economists said, is that central banks move to aggressively, causing a global housing-market slowdown that turns into a rout, with unpredictable effects. | The Wall Street Journal | 07/19/2022 | Jason Douglas, Paul Vieira and Stephen Wright |
|  |  |  |  |  |
| Earnings Propel 754-Point Rise in D ow | Stock indexes recorded their biggest one-day gains in nearly a month Tuesday, as investors reacted positively to a fresh batch of earnings.  The S&P 500 added 105.84 points, or 2.8%, to 3936.69. the tech-focused Nasdaq Composite gained 353.10 points, or 3.1%, to 11713.15 and the Dow Jones Industrial Average rose 754.44 points, or 2.4%, to 31827.05.  Investors are parsing earnings reports to determine how decades-high inflation is affecting corporate profits and consumer spending.  Investors see bank earnings as a good way to determine the path of the broader economy, since their businesses closely track the health of consumers and businesses.  Investors are paying close attention to comments companies make about plans to cut back on hiring or other investments.  Expectations for global growth and profits reached an all-time low in July, according to Tuesday’s global fund manager survey from Bank of America. | The Wall Street Journal | 07/20/2022 | Caitlin Ostroff and Orla McCaffrey |
|  |  |  |  |  |
| What’s News | ♦ Putin and Russia would fulfill its commitments to supply natural gas to Europe but warned that flows via the Nord Stream pipeline could be curbed soon if sanctions prevent additional maintenance on its components. | The Wall Street Journal | 07/21/2022 |  |
|  |  |  |  |  |
| ‘Soft Landings’ Are a Myth  *Most tightening cycles historically ended in recessions* | Consumer-sentiment indicators are plummeting across most developed countries. After data showed U.S. inflation hitting 8.6% in May, expectations of inflation a few years down the road dipped further. Stocks plunged into a bear market, and investors appeared to give up on the notion of a more aggressive Fed bringing down inflation without damaging growth – the famous “soft landing.”  Of the Fed’s previous 12 big tightening cycles since the 1950s, nine ended with a recession, officials figures show.  Investors struggle to measure this risk because central bankers don’t seem to have a consistent theory on how they are supposed to micromanage inflation. | The Wall Street Journal | 07/21/2022 | Jon Sindreu |
|  |  |  |  |  |
| Mining Firms Set Stage for Metals Shortage | Metals prices are up, but mining companies aren’t spending. Their restraint could keep supplies tight and magnify shortages or raw materials such as copper and zinc that are critical for the transition away from fossil fuels.  Project spending by 10 large mining companies, including Rio Tinto PLC, BHP Group Ltd. And Glencore PLC, is expected to stay at roughly $40 billion this year and next year, according to figures compiled by Bank of America corp. that would put capital expenditures well below a 2012 peak close to $80 billion, the bank’s figures show.  Much like the oil industry, mining companies are responding to pressure from investors to give priority to dividends and share buybacks, rather than heavy spending. A recent push to limit the sector’s environmental damage also pinched spending.  The low expenditures set the stage for the recent rally in copper and iron ore, the main ingredient in steel.  Restrained spending by oil-and-gas companies has contributed to higher prices world-wide, weighing on economies. | The Wall Street Journal | 07/21/2022 | Amrith Ramkumar |
|  |  |  |  |  |
| Inflation Reaches 9.4% in Britain | The U.K.’s annual rate of inflation rose to a four-decade high, outpacing increasingly rapid w age growth and weakening the country’s economic outlook during a period of political vacuum.  “Despite the inflation-induced erosion of real incomes, I put more emphasis on risks that the backlog of unmet hiring needs and low labor supply will keep the labor market very tight,” said Michael Saunders, one of three BOE policy makers who voted for a half-point rise in the key rate in June. | The Wall Street Journal | 07/21/2022 | Paul Hannon |
|  |  |  |  |  |
| Tech, Other Growth Stocks Drive Rally  *Investors shift to riskier sectors, as earnings reports ease worries on economy* | Technology and other growth stocks climbed as more corporate earnings reports rolled in that were better than investors feared.  The Nasdaq Composite advanced 184.50 points, or 1.6%, to 11897.65. the S&P 500 rose 23.21 points, or 0.6%, to 3959.90. the Dow Jones Industrial Average added 47.79 points, or 0.2%, to 31874.84. All three rose for the second consecutive session and are trading at their highest levels since early June. | The Wall Street Journal | 07/21/2022 | Anna Hirtenstein and Eric Wallerstein |
|  |  |  |  |  |
| Growth Stocks Bolster Nasdaq, S&P 500 | Stocks climbed, with investors picking up beaten-down growth shares after another batch of earnings reports from bellwether companies including Tesla.  The S&P 500 added 39.05 points, or 1%, to 3998.95, near its high of the day. The technology-focused Nasdaq Composite Index rose 161.96 points, or 1.4%, to 12059.61. After flipping between small gains and losses for much of the session, the Dow Jones Industrial Average advanced 162.06 points, or 0.5%, to 32036.90.  Downtrodden sectors like the consumer discretionary and information technology groups were some of the market’s top performers. Those segments have suffered this year as investors worry about the risk of persistent inflation, waning demand and slowing economic growth. | The Wall Street Journal | 07/22/2022 | Hannah Miao and Joe Wallace |
|  |  |  |  |  |
| Equities Are on Sale, But That Doesn’t Mean they Are Cheap | The valuation of the U.S. stock market has fallen faster than in the aftermath of the dot-com crash, recording the biggest six, 12 and 18-month drops since data on price-to-forward-earnings ratios began in 1985. That should be only a slight consolation to investors.  The S&P 500’s valuation hasn’t fallen quite so fast as the overall market, but on a longer-term measure – Yale professor Robert Shiller’s cyclically adjusted price to earnings – the drop from November’s peak was bigger over such a period only twice since 1881, after the 1929 and dot-com crashes.  Unfortunately, valuations were able to fall so fast because they were so high to start with.  Wall Street has only just begun to worry that earnings might fall too. Even as valuations were dropping, analysts continued to upgrade their forecasts for profits for most of the year – until a few weeks ago. Now forecasts are being slashed.  …the S&P at 16 times forward earnings is only a little more expensive than the average of 15.5 times since 1985. But remember that those expected earnings are very elevated, at 34% above the record reached just before the pandemic. | The Wall Street Journal | 07/22/2022 | James Mackintosh |
|  |  |  |  |  |
| What’s News | ♦ The ECB raised interest rates by a larger-than-expected half-percentage point and unveiled a new plan to buy the debt of Europe’s most vulnerable economies, seeking to protect the currency union as it navigates the twin threats of skyrocketing inflation and slowing economic growth. | The Wall Street Journal | 07/22/2022 |  |
|  |  |  |  |  |
| Natural Gas Prices Heat Up | Natural-gas futures have jumped 48% this month – including 10% on Wednesday – to $8.007 per million British thermal units, reversing last month’s plunge and reviving a key driver of inflation. Demand has been high from utilities during the heat. | The Wall Street Journal | 07/22/2022 | Ryan Dezember |
|  |  |  |  |  |
| Europe Is Tested By Energy, Inflation  *Gas supply and interest rates pose threats* | Russia is trying to break its unity by curbing supplies of natural gas to the bloc. At the same time, rising inflation is ending an era of negative interest rates and increasing the risk of a fracturing eurozone economy. | The Wall Street Journal | 07/23-24/2022 | Stephen Fidler and Kim Mackrael |
|  |  |  |  |  |
| The ‘Great Resignation’ Started Long Ago | There are more than 11 million job openings in the U.S. but only six million unemployed workers.  So what’s happening? At the height of the pandemic more than 120,000 businesses temporarily closed, but the economy bounced back and in 2021 added “unprecedented” 3.8 million jobs. But 3.25 million Americans have left the workforce – labor-force participating among Americans 16 and older is 62.2%, down from 63.4% in February 2020.  Several factors are at work. The chamber notes that Americans have added $4 trillion to their savings accounts since early 2020.  The extra few hundred dollars a week from enhanced unemployment “led to 68% of claimants earning more on unemployment than they did while working.” But enhanced unemployment ended in September 2021.  Difficulty finding good child care also keeps some from the workplace.  The Bureau of Labor Statistics reports that more than 47 million Americans voluntarily quit their jobs in 2021.  Fortune this week reported the Great Resignation isn’t something that happened, it’s happening.  It isn’t only the young. Part of the story on job-leaving in America has to do with early retirement. | The Wall Street Journal | 07/23-24/2022 | Peggy Noonan |
|  |  |  |  |  |
| Rally Ends But Stocks Log Gains For Week | U.S. stocks slumped Friday, snapping a three-day winning streak, as some surprisingly weak quarterly updates from companies spooked investors.  The S&P 500 fell 37.32 points or 0.9%, to 3961.63 a day after the broad benchmark index jumped 1%. The Dow Jones Industrial Average edged down 137.61 points, or 0.4%, to 31899.29, and the Nasdaq Composite declined 225.50 points, or 1.9%, to 11834.11. Despite Friday’s losses, all three indexes posted weekly gains.  With a 2.5% rise for the week, the S&P 500 capped its best week in a month. Nonetheless, few investors are willing to call a bottom fo a selloff that has dragged the S&P 500 down 17% this year. Persistently high inflation, the possibility of a recession and the war in Ukraine remain at the forefront of investors’ minds. | The Wall Street Journal | 07/23-24/2022 | Corrie Driebusch and Caitlin McCabe |
|  |  |  |  |  |
| ECB Holds Fate of Nations in Its Hands | …Europe’s on the way to being run by the officials of the Europ3an Central Bank.  I already had concerns about the ECB using its powers to interfere in politics. But the decision by the central bank’s governing council to give itself what its head, Christine Lagarde, called “sovereignty” to choose when, if at all, to support the bonds of troubled euro-zone countries takes it well beyond what a normal central bank would do. | The Wall Street Journal | 07/25/2022 | James Mackintosh |
|  |  |  |  |  |
| What’s News | ♦ Growing signs that price pressures are easing suggest that June’s 9.1% increase in consumer prices will probably be the peak. But even if inflation comes down, economists see a slow pace of decline. | The Wall Street Journal | 07/25/2022 |  |
|  |  |  |  |  |
| Investors Look Past Shaky Earnings Reports  *S&P 500 has gained nearly 5% in July as companies withstand soft quarterly results* | Even some companies that have posted sharply lower quarterly results have seen their shares rally in the following days.  Still, few investors are willing to call a bottom to a selloff that has dragged the S&P 500 down 17% in 2022, and many are predicting more volatility for the rest of the year.  Earnings season is still in its early innings, with about a fifth of companies in the S&P 500 having reported results. About 70% have topped consensus estimates, and 26% have missed projections, according to FactSet. | The Wall Street Journal | 07/25/2022 | Hannah Miao |
|  |  |  |  |  |
| Stocks Take Pause Ahead of Fed | U.S. stocks swung between small gains and losses at the start of a crucial week for global markets, with investors awaiting the Federal Reserve’s latest policy decision and a slew of corporate earnings reports.  The S&P 500 added 5.21 points, or 0.1%, to 3966.84. The Dow Jones Industrial Average gained 90.75 points, or 0.3%, to 31990.04. The tech-heavy Nasdaq Composite Index lost 51.45 points, or 0.4% to 11782.67.  The Fed on Wednesday is expected to deliver another 0.75-percentage-point interest-rate increase as it attempts to cool soaring inflation.  So far investors have largely brushed off disappointing earnings. Shares of S&P 500 companies that missed Wall Street’s forecasts have fallen 0.2% on average in the two days before their report through the two days after, according to FactSet.  Recession fears are being reflected in the inversion of the U.S. yield curve… | The Wall Street Journal | 07/26/2022 | Chelsey Dulaney and Gunjan Banerji |
|  |  |  |  |  |
| Junk Borrowing Slows to a Trickle | Companies with speculative-grade credit ratings have slowed their pace of borrowing, illustrating how rising interest rates have upended the pandemic-driven boom.  That has led to an $80 billion drop in the net supply of high-yield bonds…  The extra yield investors demand to hold junk bonds over U.S. Treasurys has risen to 5 percentage points from 3.1 points in January. That is well below the recent high of 11 points in March 2020.  Historically, the spread averages between 3.75 and 4.5 points, according to Seth Meyer, portfolio manager at Janus Henderson Investors.  Higher funding costs are now discouraging some companies from issuing debt as the Federal Reserve rapidly raises interest rates and tightens financial conditions. | The Wall Street Journal | 07/26/2022 | Eric Wallerstein |
|  |  |  |  |  |
| What’s News | ♦ Major U.S. stock indexes ended Monday’s session mixed, with the S&P 500 and Dow gaining 0.1% and 0.3%, respectively, and the Nasdaq losing 0.4%. | The Wall Street Journal | 07/26/2022 |  |
|  |  |  |  |  |
| What’s News | ♦ Russia said it would further reduce natural-gas supplies to Europe this week, lobbing another volley in its economic war with the West and raising new questions about Europe’s ability to avoid shutting down factories and leaving hoes cold this winter. | The Wall Street Journal | 07/26/2022 |  |
|  |  |  |  |  |
| Investors Bet Fed Will Need to Trim Rates Next Year | As the Federal Reserve prepares to meet this week, Wall Street investors are betting that officials will raise interest rates aggressively through the end of the year – and then turn around and start cutting them about six months later.  The unusual wager reflects investors’ growing sense that the Fed is driving the economy into a recession as it tries to fight inflation, analysts said. | The Wall Street Journal | 07/26/2022 | Sam Goldfarb |
|  |  |  |  |  |
| Stocks Decline Amid Earnings Caution | U.S. stock indexes moved lower as a mixed set of earnings reports traced an unsteady path forward for markets ahead of a critical Federal Reserve meeting this week.  The S&P 500 closed Tuesday 1.2% lower. The tech-focused Nasdaq composite declined 1.9% and the Dow Jones Industrial Average shed 0.7%.  Debt investors are trying to forecast how the central bank will balance its twin jobs: getting inflation under control while avoiding a deep contraction that could damage the still-strong labor market.  Brent crude, the international benchmark for oil prices, fell 75 cents, or 0.7%, to $104.40 a barrel. | The Wall Street Journal | 07/27/2022 | Caitlin Ostroff and Matt Grossman |
|  |  |  |  |  |
| Markets Glued to Powell’s Next Guidance | The Fed is likely to raise its federal-funds rate by 0.75 percentage point, to a range between 2.25% and 2.5%, at this weeks meeting. While further rate rises are likely this year, Mr. Powell might be less specific about his expectations for their sizes, according to analysts.  The European Central Bank last week raised rates by a half point after saying a quarter-point rate increase was likely.  The Bank of Canada raised rates by a full percentage point earlier this month… | The Wall Street Journal | 07/27/2022 | Nick Timiraos |
|  |  |  |  |  |
| IMF Cuts Global Growth Outlook as Inflation Soars | The International Monetary Fund lowered its outlook for global economic growth again for 2022 and 2023, as soaring inflation and the spillover from the war in Ukraine cut into household purchasing power around the world and prolonged pandemic lockdowns slowed China’s growth engine.  The international financial institution said Tuesday it now sees world economic growth slowing to 3.2% this year, compared with a 6.1% expansion in 2021. The group has repeatedly cut its forecast for 2022, from 4.9% in October, 4.4% in January and 3.6% in April.  Growth is expected to further slow to 2.9% in 2023, significantly slower than the 3.6% expansion projected in April. | The Wall Street Journal | 07/27/2022 | Yuka Hayashi |
|  |  |  |  |  |
| GM Profit Falls 40% On China Loss and Shortages | General Motors Co.’s net profit declined 40% in the second quarter, hurt by a loss in China and supply-chain troubles that left the company with tens of thousands of unfinished vehicles it couldn’t sell during the period.  GM executives reaffirmed the auto maker’s full-year profit outlook, saying they expect production to increase sharply in the second half… | The Wall Street Journal | 07/27/2022 | Mike Colias |
|  |  |  |  |  |
| Major Brands Keep Raising Prices as Their costs Grow | “We continue to see resilience and a lot of demand not just in the U.S. but across the world,” John Murphy, Coca-Cola Co.’s finance chief, said in an interview. Some consumers are willing, Coca-Cola said, to spend now after missing out on restaurant dining and entertainment during the pandemic.  Unilever PLC, whose products include Dove shampoo and Ben & Jerry’s ice cream, said prices rose 11.2% across its portfolio. Kimberly-Clark Corp., which makes Huggies and Cottonelle toilet paper, said its net selling prices rose 9%, | The Wall Street Journal | 07/27/2022 | Connor Hart |
|  |  |  |  |  |
| What’s News | ♦ European countries agreed to sweeping cuts to natural-gas consumption, prompted by the threat of a Russian supply cutoff. | The Wall Street Journal | 07/27/2022 |  |
|  |  |  |  |  |
| A Recession by Any Other Name | Rather than tacking the underlying economic problems, the White House is playing word games.  Economists have long defined a recession s “a period in which real GDP declines for at least two consecutive quarters,” …  With expectations of low or even negative growth for the first two quarters of 2022, President Biden’s Council of Economic Advisers has been trying to blunt the news by disavowing this textbook definition. | The Wall Street Journal | 07/28/2022 | Phillip W. Magness |
|  |  |  |  |  |
| Fed Lifts Rates by 0.75 Point Again  *Powell expects further increases even as some indicators show signs of softening* | Markets rallied after the meeting because Fed Chairman Jerome Powell offered fewer specifics about the magnitude of coming rate rises and hinted at an eventual slowdown.  The S&P 500 500 rose 2.6%, while the Nasdaq Composite had its biggest one-day percentage gain in more than two years, surging 4.1%. Yields on the benchmark 10-year Treasury note fell to 2.731%.  Mr. Powell said it was too soon to say whether the Fed would dial down the size of its rate increases to a half or even a quarter point at its next meeting, in September. | The Wall Street Journal | 07/28/2022 | Nick Timiraos |
|  |  |  |  |  |
| What’s News | ♦ The Senate approved a $2880 billion bill aimed at boosting the semiconductor industry crucial to modern technology, in a bipartisan embrace of expanding U.S. industrial policy to counter the competitive threat posed by China. | The Wall Street Journal | 07/28/2022 |  |
|  |  |  |  |  |
| What’s News | ♦ Russia followed through on promises to slash natural-gas flows to Europe, triggering a surge in prices for fuel and electricity. | The Wall Street Journal | 07/28/2022 |  |
|  |  |  |  |  |
| Consumer Rates and Returns to Investor | |  |  | | --- | --- | | Federal-funds rate target | 2.25-2.50 | | Prime Rate | 5.50 | | Libor (3 month) | 2.78 | | Money market, annual yield | 0.13 | | Five-year CD, annual yield | 1.77 | | The Wall Street Journal | 07/29/2022 | Source: FactSet; Dow Jones Market Data; Bankrate.com |
|  |  |  |  |  |
| Stocks Rise, Extending Post-Fed Gains | Stocks climbed Thursday, despite fresh data showing the U.S. economy contracted for a second straight quarter.  The S&P 500 added 48.82 points, or 1.2%, to 4072.43, building on its strong gains from the prior session.  The Dow Jones Industrial Average added 332.04 points, or 1%, to 32529.63. The technology-heavy Nasdaq Composite Index gained 130.17 points, or 1.1%, to 12162.59.  The U.S. economy shrank at a 0.9% annual rate last quarter…  All three major indexes have risen at least 8% from their 2022 lows in mid-June and are headed toward strong monthly gains.  In bond markets, the yield on the benchmark 10-year U.S. Treasury note fell for the third consecutive session to 2.680% from 2.731% on Wednesday. | The Wall Street Journal | 07/29/2022 | Will Horner and Gunjan Banerji |
|  |  |  |  |  |
| What’s News | ♦ U.S. stocks ended higher despite the GDP data, as the S&P 500, Nasdaq and Dow notched gains of 1.2%, 1.1% and 1%, respectively. | The Wall Street Journal | 07/29/2022 |  |
|  |  |  |  |  |
| GDP Drop Stokes Recession Fears  *Economy contracted 0.9% in latest quarter, marking the second consecutive decline* | That followed a 1.6% pace of contraction in the first three months of 2022.  The report indicated the economy met a commonly used definition of recession – two straight quarters of declining economic output.  Most economists surveyed this month by The Wall Street Journal expect the economy to grow in the third quarter and in 2022 as a whole, though lately they have lowered their estimates.  “We’re seeing a sharp and necessary deceleration rather than a recession,” said David Mericle, chief U.S. economist at Goldman Sachs, adding that slower growth is needed to rebalance the economy’s supply and demand for goods and services, and cool wage growth and inflation. | The Wall Street Journal | 07/29/2022 | Harriet Torry |
|  |  |  |  |  |
| German Economic Engine Falters  *Energy crisis and China slowdown dry up export-focused manufacturing* | Germany’s economy hasn’t grown for nearly five years.  And now the country once known as the economic engine of Europe is teetering on the brink of a recession.  It’s a sharp turn of fortunes for Germany’s large manufacturing sector, which flourished over the past two decades just as other Western nations say industrial jobs migrate to Asia.  Trade bottlenecks, the Covid-19 pandemic and the war in Ukraine have upended supply chains and caused prices to skyrocket.  The International Monetary Fund in late July sharply down-graded its forecasts for German economic growth, to 1.2% this year and just 0.8% next year, from 2.9% growth in 2021. It warned that Germany’s economy could face high costs and efficiency losses as it adjusts to a more fragmented world economy with gummed up supply chains and expensive energy. | The Wall Street Journal | 07/29/2022 | Tom Fairless |
|  |  |  |  |  |
| The Schumer-Manchin Bill Will Ease Inflation and Climate Change | The Inflation Reduction Act, to which Sen. Joe Manchin and Majority Leader Chuck Schumer agreed Wednesday, is what the country needs now. It will help address one of the world’s biggest long-run challenges, climate change, while making progress on inflation. At the same time it will help protect the most vulnerable by extending tax credits for healthcare.  Some critics claim the bill actually raises inflation.  It’s smaller and contains no large upfront deficit increases.  In fact, it would reduce the deficit by more than $300 billion over the next decade. | The Wall Street Journal | 07/29/2022 | Jason Furman |
|  |  |  |  |  |
| Emerging Markets Feel Dollar Pain | Investors are betting the U.S. dollar’s prolonged rise will hurt currencies ranging from the Hungarian forint to the Philippine peso, with the forint and the Polish zloty hitting fresh lows recently. The extended losses are another example of how the dollar’s strength is rippling through emerging-markets currencies and pressuring central banks across the globe to increase rates-even at the cost of a recession.  A weaker currency can escalate inflation, exacerbating price increases for countries al ready grappling with rocketing energy and food prices.  Investors have pushed up the dollar in part because of the Fed’s tightening, which they think signals that the U.S. central bank will do what it takes to stop inflation.  The euro is down more than 10% to date. | The Wall Street Journal | 07/30-31/2022 | Julia-Ambra Verlaine |
|  |  |  |  |  |
| Energy Costs May Keep Inflation High for Years to Come | High prices for electricity and fuel are likely to put continued pressure on inflation in coming years, forcing central banks to keep interest rates higher than otherwise.  Prices are also likely to become more volatile, which could make it even harder for central banks to control inflation, economists say.  Sluggish investment means supply of key minerals will struggle to keep up as demand accelerates during the transition. The International Energy Agency recently estimated that if the world were on track to meet Paris Agreement goals, demand would jump 40-fold for lithium and 20-fold for nickel and cobalt between 2020 and 2040. | The Wall Street Journal | 07/30-31/2022 | Gwynn Guilford |
|  |  |  |  |  |
| What’s News | ♦ Major stocks indexes rose Friday to end their best month since 2020, clawing back some of their losses from a dismal first half. The S&P 500 gained 9.1% in July, while the Dow rose 6.7%. The Nasdaq climbed 12% for the month. | The Wall Street Journal | 07/30-31/2022 |  |
|  |  |  |  |  |
| What’s News | ♦ The Federal Reserve’s preferred inflation gauge rose 6.8% in June from the year before, the sharpest rise since January 1982. Meanwhile wages and benefits rose 5.1% in the second quarter from a year earlier. | The Wall Street Journal | 07/30-31/2022 |  |
|  |  |  |  |  |
| What’s News | ♦ Proctor & Gamble is predicting the slowest sales growth in years as consumer belt-tightening is beginning to hit household staples. | The Wall Street Journal | 07/30-31/2022 |  |
|  |  |  |  |  |
| Inflation, Slowdown Point to Bumpy Economic Transition | The U.S. economy is enduring a rocky transition from an exceptionally strong recovery to a steep slowdown, data this past week showed, as rising inflation and interest rates weigh on consumers and businesses.  A tight labor market could continue to exert upward pressure on consumer prices, a more closely watched measure of which rose 9.1% in June from a year earlier.  A steep decline in residential investment, a pullback in business spending and weaker inventory restocking contributed to U.S. gross domestic product shrinking at a 0.9% annual rate from April through June, data on Thursday showed, the second straight quarter that economic output contracted.  Higher inflation helped drive an increase in household s pending last month. Consumers boosted their seasonally adjusted spending by 1.1% in May, the Commerce Department said Friday. | The Wall Street Journal | 07/30-31/2022 | Sarah Chaney Cambon |
|  |  |  |  |  |
| America’s New Energy Crisis | The rise of fracking, which extracts oil and gas from shale rock, unlocked cheap domestic supplies while cleaner energy provided by wind and solar farms became far less expensive. Gasoline and oil prices fell while gas-fired power and renewable power pushed aside costlier-and politically less popular-coal and nuclear plants.  It was an era of cheap, plentiful energy. It came undone thanks to a haphazard transition to renewable energy, reduced investment in oil and gas production, political inaction and unexpected economic forces triggered by the pandemic and lockdowns. Russia’s Feb. 24 attack on Ukraine applied even more pressure to global supplies.  Energy shortages now loom as U.S. stockpiles of everything from crude oil to petroleum products fall. Electricity grid operators have warned of controlled outages to balance supply and demand on the hottest days. | The Wall Street Journal | 07/30-31/2022 | Christopher M. Matthews and Katherine Blunt |

“My health is good; it’s my age that’s bad.” *-Roy Acuff*

The material has been prepared or distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. This material contains information from sources believed to be reliable, however, the accuracy and completeness of the information is not guaranteed.

Any opinions and forecasts expressed in this material are those as of August 2022 and are subject to change at any time, based on market and other conditions.  There is no guarantee that the current market will yield the same results as those in the past. The investment return and principal value of securities will fluctuate and may be worth more or less than original cost when sold.  Diversification does not assure or guarantee better performance and cannot eliminate the risk of investment losses.

Market Indexes are commonly accepted benchmarks for certain classes of securities.  Market indexes are comprised of individual stocks or bonds which are not actively managed and cannot be purchased directly by investors.

Because investors’ situations and objectives vary, this material is not intended to indicate suitability for any particular investor.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity.

We believe the sources to be reliable, however, the accuracy and completeness of the information is not guaranteed. In the event of any discrepancy, the sponsor’s valuation shall prevail.

Securities and advisory services offered through Independent Financial Group LLC, a registered broker-dealer and investment advisor, Member FINRA/SIPC. (OSJ: 12671 High Bluff Dr. Ste. 200, San Diego, CA 92130) Independent Financial Group LLC and Juengling & Associates are independently owned and operated.

Prepared by James M. Juengling.

Juengling & Associates