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| **RESOURCE LOG – JULY 2023** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
| What’s News | ♦ Any number of things could have derailed markets in the first half of the year, but investors kept buying risky assets anyway. Stocks burst out of a bear market, bitcoin surged and bonds enjoyed some reprieve, too. | The Wall Street Journal | 07/01-02/2023 |  |
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| What’s News | ♦ Consumer prices and spending rose more slowly in May, but the Fed likely remains on track to raise interest rates in July amid recent signs of healthy economic activity. | The Wall Street Journal | 07/01-02/2023 |  |
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| Chinese Economic Recovery Still Shaky | Evidence of China’s flagging growth continues to roll in, raising questions about whether the government is doing enough to turn things around.  China is facing a host of challenges that economists warn will threaten its long=term growth potential in the absence of drastic reforms. They include a mounting debt burden, stubbornly high youth unemployment, and a short-lived rebound in the beleaguered real-estate market. | The Wall Street Journal | 07/01-02/2023 | Stella Yifan Xie |
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| Stocks Add to Robust Gains  *The tech-focused Nasdaq’s 32% gain this year is the best start since 1983* | Modest daily stock gains cinched a strong six months on Wall Street, fueled by investors’ optimism that inflation is easing while the economy continues to hum.  …Nasdaq composite’s best first half of a year in four decades.  The tech-centric index climbed 1.4% Friday, sealing a 32% gain since the end of 2022.  The S&P 500 gained 1.2% Friday, locking in a 16% rise since December. The Dow Jones Industrial Average added 285.18 points, or 0.8%, to end the month at 34407.60.  The S&P financial sector rose in the second quarter after a rough first quarter, when a series of bank failures starting in March sparked worries about the industry’s health.  Solid stock performance has been a welcome surprise this year…  Corporate performance has held up better than many analysts expected this year. | The Wall Street Journal | 07/01-02/2023 | Matt Grossman |
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| Investors Spurn Dividend Stocks  *Shares suffer worst first-half results relative to other types since 2009* | Shares of companies boasting chunky dividends were among the stock market’s most popular trades last year. But the strategy of giving them preference has fizzled out.  During 2022’s bear market, dividend-paying stocks were embraced by investors looking for a steady stream of cash. Those investors now see greater promise in growth-focused tech stocks that don’t typically pay dividends while betting a boom in artificial intelligence will deliver bigger profits down the road.  The stocks in the S&P 500 that don’t pay a dividend have collectively gained about 18% in 2023, according to Ned Davis Research, outpacing a roughly 4% advance by income-generating companies.  The Nasdaq Composite ended the first half up 32%, while the S&P 500 rose 16%. At the top of the leaderboard were growth stocks such as Facebook parent Meta Platforms and Tesla,…  Despite those blockbuster gains ,the market outlook for the rest of the year is still murky. | The Wall Street Journal | 07/03/2023 | Hardika Singh |
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| What’s News | ♦ Saudi Arabia is cutting back on crude output as part of a high-stakes gamble to crimp worldwide supply, but a key market indicator suggests that traders believe supplies won’t shrink for months. | The Wall Street Journal | 07/03/2023 |  |
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| Office Market’s Remote-Work Woes Spread | Pain from the anemic return to the office is spilling over into architecture, construction, cleaning, brokerage, furniture and other industries that depend on thriving downtowns.  During good times, these firms generate tens of billions of dollars in revenue…  Some companies in the office-industry ecosystem are contracting, laying off workers or even going out of business.  It isn’t clear how many jobs are affected by the troubled office sector because many companies are able to pivot from office to other real-estate sectors, which are faring better.  Investors purchased only $17.6 billion of U.S. office buildings in the first five months of 2023, a 65% decline from the same period in 2022… | The Wall Street Journal | 07/05/2023 | Peter Grant |
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| Stocks Fall, Fed Reinforces Rate Outlook  *Weak data from China presses market; Treasury yields increase* | The S&P 500 and Nasdaq Composite both fell 0.2%, while the Dow Jones Industrial Average was 0.4% lower.  Bond yields rose, with the benchmark 10-year Treasury yield rising to 3.943% from 3.856% Monday. | The Wall Street Journal | 07/06/2023 | Jack Pitcher |
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| What’s News | ♦ U.S. new-vehicle sales rose an estimated 13% during the first half of the year, a pace far ahead of industry forecasts as car buyers shake off concerns about rising interest rates and inflationary pressures. | The Wall Street Journal | 07/06/2023 |  |
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| What’s News | ♦ Most Fed officials expected they would need to lift interest rates further this year after pausing increases last month, though some wanted to raise rates in June, meeting minutes show. | The Wall Street Journal | 07/06/2023 |  |
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| Older Americans Invest Like 30-Year-Olds | Older Americans keep rolling the dice in the stock market, ignoring the conventional wisdom to protect their nest eggs by shifting more of their investments to bonds.  Nearly half of Vanguard 401(k) investors actively managing their money and over age 55 held more than 70% of their portfolios in stocks. In 2011, 38% did so.  Having significant exposure to stocks later in life can be risky, advisers and economists said, if only because if the market were to tumble, retirees needing cash might have no choice but to sell their shares at bargain prices. | The Wall Street Journal | 07/06/2023 | Anne Tergesen |
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| Rebound in Rates Pressures Banks | Unrealized losses on bonds and loans held by U.S. banks are expected to have grown in the second quarter, potentially reanimating an issue that made investors nervous earlier this year. Meanwhile, pressure on profits is rising.  At the same time, the rates banks pay on deposits and other funding sources have risen while returns on their fixed-rate assets stay low.  In some cases, the losses were equal to or greater than banks’ equity, or the buffer they hold to absorb such hits. That led to a crisis that brought down three regional banks earlier this year. | The Wall Street Journal | 07/06/2023 | Jonathan Weil |
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| What’s News | ♦ Stocks and bond sold off a s economic data solidified expectations or more rate increases. The S&P 500 and Nasdaq both fell 0.8%, while the Dow lost 1.1%. the yield on the 10-year Treasury rose to 4.04%. | The Wall Street Journal | 07/07/2023 |  |
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| Wages Rise Even as Job Growth Eases | Hiring slowed in June but wages rose and unemployment fell, likely keeping the Federal Reserve on track to raise interest rates later this month to combat inflation.  The unemployment rate fell to 3.6% last month from 3.7% in May. Average hourly earnings grew 4.4% in June from a year earlier…  Rapid wage growth contributes to stubbornly high inflation, said Sean Snaith, director of the University of Central Florida’s Institute for Economic Forecasting. | The Wall Street Journal | 07/08-09/2023 | Sarah Chaney Cambon |
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| Stocks and bonds Suffer Weekly Losses | A stretch of strong economic data hardened investors’ expectations of further interest-rate increases, fueling a lockstep weekly decline for U.S. stocks and government bonds.  For much of the summer, volatility has ebbed and stocks have continued a steady climb.  The Dow slipped 673 points, or 2%, for the week. The S&P 500 fell 1.2%, while the technology-focused Nasdaq composite dropped 0.9%.  The strong economic data has driven up Treasury yields, which have jumped to some of the highest levels of the year. The yield on the 10-year Treasury note rose to 4.047%...  The yield on the 2-year Treasury note rose for a fifth consecutive w eek to 4.931%... | The Wall Street Journal | 07/08-09/2023 | Gunjan Banerji |
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| U.S. Oil Boom Blunts OPEC’s Pricing Power | U.S. petroleum production is on pace for a record-breaking year, helping to keep energy prices stable despite the efforts of Saudi Arabia and other major oil exporters to drive them higher.  U.S. crude output this year through April is up 9% from a year ago, surprising analysts…  Half of that new crude is coming from the U.S.,…  Companies’ efforts to improve efficiency are also giving them more leeway to remain profitable even when oil prices are slipping. | The Wall Street Journal | 07/08-09/2023 | Bob Henderson |
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| Deflation Is Looming in China | The country’s manufacturing sector, already in the grip of deflation, saw factory-gate prices fall at their fastest pace in more than seven years, the National Bureau of Statistics reported on Monday, reflecting soft demand abroad to match the weak demand at home.  Economists worry that the broad-based decline in prices will weigh on fragile confidence in the country, leaving the economy stuck in a vicious cycle whereby weak demand and lower prices reinforce each other.  Declining prices in China can offer a measure of relief for central bankers battling inflation in the U.S. and other developed economies. | The Wall Street Journal | 07/11/2023 | Stella Yifan Xie |
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| Stocks Rise in Face of Tech-Share Slump | A major engine of this year’s stock rally, shares of Microsoft, Apple and Alphabet all lost at least 1.1% Monday…  Investors and analysts largely shrugged off the poor day for tech stocks, saying some volatility was to be expected ahead of a key inflation report Wednesday and the start of earnings season later in the week.  Many investors and analysts see rising Treasury yields as a threat to stocks because they increase the appeal of government bonds as a safe alternative to riskier investments.  Even if prices rise less than expected, “I still think the Fed is basically biased to hike at this next meeting,” said Blake Gwinn, head of U.S. rates strategy at RBC Capital Markets. | The Wall Street Journal | 07/11/2023 | Sam Goldfarb |
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| Officials Calls For Tightening | The president of the Federal Reserve Bank of Cleveland said inflation in core goods and services remains high and tighter monetary policy will be needed to bring inflation down to the central bank’s 2% target. | The Wall Street Journal | 07/11/2023 | Bob Fernandez |
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| Stocks Gain Before Fresh Inflation Data  *Energy leads S&P 500 higher, as U.S. crude settles at highest since May 1* | All three major stock indexes extended their slow, steady climb as investors awaiting a Wednesday Labor Department report that will take the temperature of the U.S. economy.  Economists expect the data will show that inflation hasn’t tapered enough to reach the central bank’s target, raising the likelihood the Fed later this month will increase interest rates to a 22-year high.  Energy stocks led the S&P 500, rising 3%, with major crude producers, fuel makers, natural-gas exporters and drilling companies all advancing on the back of higher oil prices. Benchmark U.S. crude rose 2.5%, to $74.83 a barrel,…  After languishing for months, oil prices have risen recently as production cuts by Saudi Arabia and Russia appear to have taken hold. | The Wall Street Journal | 07/12/2023 | David Uberti |
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| Fed Hikes Don’t Go Far Enough For Some Investors | The skeptics’ take could portend rockier times ahead for markets. For much of 2022, rising interest rates pummeled stocks and bond prices simultaneously. More recently, bets that financial conditions would tighten and slow growth helped slow the selling in Treasurys and fuel stocks’ rebound.  So far, the markets haven’t acted like they are facing substantial friction from tighter policy, said Joe Lynch, global head of non-investment-grade credit at Neuberger Berman | The Wall Street Journal | 07/12/2023 | Matt Grossman |
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| Inflation Cools to Slowest Pace Since 2021 | The consumer-price index climbed 3% in June from a year earlier, the Labor Department said Wednesday, sharply lower than the recent peak inflation rate of 9.1% in June 2022…  The June rate declined from 4% in May.  Fed officials are on track to raise rates to a 22-year high at their July 25-26 meeting because economic activity hasn’t slowed down as much as anticipated. | The Wall Street Journal | 07/13/2023 | Gwynn Guilford and Nick Timiraos |
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| Tech Stocks Lead Market Higher on Inflation News | Stocks marched higher after investors received data for a second consecutive day showing that inflation is moderating to its slowest pace in years.  Investors continued piling into big tech stocks, encouraged by signs that the worst of the inflation fight is over and the economy remains strong.  That helped power the Nasdaq composite to a 1.6% gain, while the S&P 500 added 0.8%. The blue-chip Dow industrials edged up or 0.1%.  The WSJ Dollar Index dropped 0.7% and the benchmark 10-year Treasury yield declined to 3.759%...  Wall Street is convinced the market rally has room to run. This is prototypical late-cycle behavior, said Amanda Agati, chief investment officer of PNC Asset Management Group. With interest rates expected to remain higher for longer, a recession is a “foregone conclusion,” she said. | The Wall Street Journal | 07/14/2023 | Eric Wallerstein |
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| Smaller Banks to Squeeze Industry Profits | The biggest banks are expected to have fared well or in some cases thrived.  Banks of all sizes are expected to have paid more interest to customers to keep them from moving money to higher-yielding money-market funds. That would weigh on net interest income.  Some banks have turned to higher-cost deposits, such as those that are “brokered” through third parties.  The value of some assets is also declining. | The Wall Street Journal | 07/14/2023 | Ben Eisen |
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| China’s Exports Drop as global Trade Slows  *Central banks’ efforts to fight inflation take a toll on spending in West* | Exports are crumbling in China and across Asia, showing the deepening toll that rising interest rates are taking on global trade and economic growth.  Trade has been slowing for months, but the pullback has further to run, economists say…  Chinese exports fell at their steepest annual pace in June since the early days of the pandemic in February 2020.  Global trade has been softening for months as Western consumers quit spending so much on electronics, home improvements and other consumer goods after splurging during the pandemic.  A growing share of China’s exports if heading to regions including the Middle East and Latin America, reflecting strengthening economic links thanks to Chinese investment and its hunger for natural resources.  Still, China continues to dominate global trade as it pushes deeper into markets other than the U.S. China’s overall share of global goods exports was 14.4% in 2022, up from 13% the year before the pandemic and 11% in 2012, according to World Trade Organization data. | The Wall Street Journal | 07/14/2023 | Jason Douglas |
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| What’s News | ♦ The Dow and Nasdaq recorded their best weekly gains since March, rising 2.3% and 3.3%, respectively, while the S&P 500 added 2.4% in a broad-based advance. | The Wall Street Journal | 07/15-16/2023 |  |
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| Big Bank Earnings Inspire Economic Optimism  *JPMorgan, Wells, Citi are largely helped by high rates that fueled crisis earlier this year* | JPMorgan Chase’s profit soared 67% in the second quarter from a year earlier and Wells Fargo’s jumped 57%, lifted by the income they earned lending out money at higher rates.  Analysts and investors largely agree that the economy has been slowing since the Federal Reserve began lifting rates last year.  The higher interest rates that pushed Silicon Valley Bank, Signature Bank and First Republic Bank to failure have largely been a benefit for the megabanks…  Bankers and regulators say that the March crisis has receded, and recent economic data has spurred hopes the worst-case economic scenarios they feared won’t materialize.  But the going is getting tougher even for the big banks.  All three banks had to pay more to depositors to keep them from moving money into higher-yielding money-market funds, after years of paying next to mothering on consumer checking accounts.  Meanwhile, loans might sour, as well, if higher rates take a bigger toll on consumers and businesses.  Banks also are becoming more selective about the loans they make. | The Wall Street Journal | 07/15-16/2023 | Ben Eisen, David Benoit and Gina Heeb |
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| What’s Behind the Stock Market Rally (It’s Not Just Big Tech) | The stock market rally is no longer just a big-tech rally.  Just a couple months ago, the seven largest tech companies in the U.S. were responsible for virtually all of the stock market’s 2023 gains.  Now, shares of many companies are making the rally broader.  More than 140 stocks in the index have hit fresh 52-week highs since the end of May, such as Lowe’s and General Electric.  “the market is sending a very powerful signal with this broadening out,” said Andrew Slimmon, senior portfolio manager at Morgan Stanley Investment Management. “I think we’re going to have this continued rally.” | The Wall Street Journal | 07/15-16/2023 | Hannah Miao and Hardika Singh |
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| What’s News | ♦ Starting next year, 50 and older catch-up contributions to 401(k) accounts will be funneled only into after-tax Roth accounts for those who earned more than $145,000 the previous year. | The Wall Street Journal | 07/17/2023 |  |
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| Market Gauges Register Cautious Hope on Economy | New signs of cooling inflation sparked market gains last week. But is the pain from inflation – and the Federal Reserve’s interest-rate-raising campaign to fight it – really over?  The biggest question for investors, however, remains how high rates will need to go.  The Fed’s preferred inflation measure – the core personal-consumption expenditures price index, which strips out volatile food and energy items – stood art 4.6% in May, still well above its 2% target.  Many believe that wage increases, in particular, will need to subside for inflation to come fully under control. | The Wall Street Journal | 07/17/2023 | Sam Goldfarb |
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| Traders Position for Soft Landing | The S&P 500 rose 2.4% this past week, its biggest gain in a month. The index is up 17% for the year, while the Nasdaq Composite, which heavily weights technology stocks, has rising 35%.  The yield on the 10-year U.S. Treasury note, sued to help set everything from mortgage rates to student loans, ended Friday at 3.818%, compared with 4.047% the previous week.  “We all thought there would be a hurricane, but it hasn’t come year,” said Brad Conger, deputy chief investment officer at Hirtle Callaghan.  Generally good economic news has kept the market climbing.  “Earnings have been resilient, and inflation is less of a problem,” Conger said. “When you put those two things together, yeah, the market…it should be up.” | The Wall Street Journal | 07/17/2023 | Akane Otani |
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| Shale Industry Sheds Drill Rigs At Breakneck Clip | The shale patch is shedding rigs at the fastest pace since the height of the Covid-19 pandemic despite healthy oil prices.  Behind the drop in rigs is a tale of the haves and the have-nots. Private companies, which added rigs at a breakneck pace as the pandemic abated, have drilled up many of their best remaining wells, forcing them to decelerate.  The slowdown augurs tepid U.S. crude-production growth for the rest of year, analysts said.  The Energy Information Administration expects domestic growth output to increase by fewer than 300,000 barrels a day in 2024 from this year. | The Wall Street Journal | 07/18/2023 | Mari Novik and Benoît Morenne |
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| Stocks Rally as Banks Post Strong Quarterly Earnings | The Dow extended a winning streak to seven days, closing at its highest level since April 2022. The Nasdaq is not 37% higher in 2023.  Bank stocks rallied after earnings reports from bellwethers Bank of American and Morgan Stanley,…  Data released Tuesday showed U.S. monthly retail sales rose in June but came in below expectations. Investors are closely watching… | The Wall Street Journal | 07/19/2023 | Jack Pitcher |
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| Investors Feel Bold Again, Go Speculative | For many investors, it is like 2022 never happened.  Tech stocks are rising manically, spilling into meme stocks. The cryptoverse is enjoying a resurgence. Bullishness is hitting a fever pitch in the options market. In short, risk-on investments are the most popular they have been since late 2021 – right before stocks entered the longest bear market in decades.  Americans are also growing more confident about the economy as a whole.  Since the Federal Reserve rescued the banking systems in March, investors have had less to worry about, according to David Wagner, a portfolio manager at Aptus Capital Advisors. | The Wall Street Journal | 07/20/2023 | Eric Wallerstein |
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| Dow Extends Winning Streak, Tesla Hits Tech | The Dow Jones Industrial Average rose for a ninth consecutive session, while a post-earnings selloff in Tesla shares weighed on the S&P 500 and Nasdaq Composite.  The Dow outperformed the Nasdaq by the widest one-day percentage-point margin since March 2021.  Though the 2023 stock-market rally has been broadening gin recent weeks, most of this year’s gains have been driven by a small cohort of megacap tech stocks, including Tesla. The S&P 500 and Nasdaq are weighted by market cap, so the biggest companies have a greater influence on index performance than the smallest companies. | The Wall Street Journal | 07/21/2023 | Hannah Miao |
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| Summer Heat Isn’t Cranking Up Consumers’ Natural-Gas Bills | Benchmark natural-gas prices have stayed in a tight range that is roughly 60% lower than a year ago, when prices exploded to shale-era highs. Prices are 30% less than in July 2021.  Bill payers can thank the unusually warm weather this past winter for leaving a lot of gas unburned. As well, strong renewable-electricity generation has taken pressure off gas-fired power plants in some of the hottest parts of the country, including California and Texas.  Natural-gas futures for August delivery ended Thursday at $2.757 per million British thermal units, down 65% from a year earlier. | The Wall Street Journal | 07/21/2023 | Ryan Dezember |
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| Beijing Rushes to Bolster Battered Private Economy | …Beijing still favors its state-owned enterprises mean that sentiment among the private business owners – a group that accounts for most of the economy’s dynamism and hiring – isn’t likely to turn around, at least not in the near term.  In a high-profile pronouncement this week, China’s communist Party and the country’s cabinet jointly unveiled a list of more than 30 guidelines vowing to make the private sector “gibber, better and stronger.” Authorities said the measures would level the playing field between privately-run and state-owned enterprises, promising to break down market barriers,…  Recently, officials have showered investors and the business community with public promises to buttress the sector.  Much of the caution among private business and investors also reflects long-term economic headwinds such as the country’s shrinking population, as well as higher local government and household debt. | The Wall Street Journal | 07/22-23/2023 | Stella Yifan Xie and Raffaele Huang |
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| Dow’s Winning Run Extends to 12 Sessions  *Earnings results from tech companies and Fed meeting loomed over trading* | On a busy day of earnings, the Dow rose roughly 27 points, or 0.1%, to 35438.07, its highest close since February 2022. The S&P 500 gained 0.3%, while the tech-heavy Nasdaq composite climbed 0.6%.  The Fed, at the end of its two-day meeting, is widely expected to raise interest rates for the 11th time since early last year, bringing its benchmark federal-funds rate to a range between 5.25% and 5.5%.  If markets are correct, this could be the last rate increase of the Fed’s campaign. | The Wall Street Journal | 07/26/2023 | Sam Goldfarb |
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| Stocks Shrug Off Signals of Recession | Stocks have floated higher as Wall Street dials back its recession forecasts. Some investors aren’t ready to call the all-clear.  They point to worrying economic signals, lofty equity valuations and the possibility that the Federal Reserve continues raising interest rates or keeps them elevated longer than the market anticipates. The S&P 500, meanwhile, has advanced 19% this year even as analysts expect 2023 corporate earnings to come in flat.  Since the early 1950s, every episode of significant U.S. disinflation, each of which was driven at least partly by Fed tightening, has been accompanied by recession… | The Wall Street Journal | 07/26/2023 | Karen Langley |
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| What to Watch Beyond Fed’s Rate Move | The Fed last month held interest rates steady in a range between 5% and 5.25%, its first pause after 10 consecutive increases. Interest-rate increases slow the economy through financial markets by lowering asset prices and raising the cost of borrowing.  Here’s a look at what to watch.  Fed governor Christopher Waller in a July speech said he wants to see evidence that the latest inflation slowdown wasn’t a fluke.  Most Fed officials in June penciled in two more rate rises this year.  Investors also will be looking for clues that the central bank might be comfortable holding rates steady in September and waiting longer to see how the economy unfolds.  **Inflation outlook:**  Further improvement on inflation “may not be much of a surprise, and it wouldn’t have a big effect on where policy should go,” said William English, a former senior Fed economist who is a professor at Yale School of Management.  **Labor puzzle:**  Officials want to see evidence that economic activity, hiring and wage growth are slowing…  **The neutral rate**  Most officials estimate the inflation-adjusted neutral rate is around 0.5%. | The Wall Street Journal | 07/26/2023 | Nick Timiraos |
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| What’s News | ♦ The Dow rose 0.2% for its 13th straight gain, the average’s longest winning streak since 1987. The Nasdaq fell 0.1% and the S&P 500 slipped 0.02%. | The Wall Street Journal | 07/27/2023 |  |
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| Fed Lifts Rates to Highest Level in 22 Years | Fed Chair Jerome Powell said it was too soon to tell whether the hike would conclude a series of increases aimed at cooling the economy and bringing down inflation. The central bank would decide whether to keep lifting rates based on how the economy fares in the months ahead, “with a particular focus on making progress on inflation,” he said at a news conference.  The unanimous decision to raise the benchmark federal-funds rate to a range between 5.25% and 5.5% follows a brief pause in increases last month.  Markets were mixed after the Fed decision. The S&P 500 finished about flat Wednesday, while the tech-heavy Nasdaq moved slightly lower. | The Wall Street Journal | 07/27/2023 | Nick Timiraos |
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| Dow Sets Longest Winning Streak since ‘87 | The blue-chip index on Wednesday notched a 13th consecutive advance for the first time since January 1987…  While stocks wobbled, bond traders largely yawned. Yields on benchmark 10-year Treasurys slipped to 3.850%, while 2-year Treasurys – a rough proxy for investors’ rate expectations – ticked d own to 4.825%. | The Wall Street Journal | 07/27/2023 | David Uberti |
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| Economic Growth Accelerates, Defying Slowdown Expectations | Faster economic growth this spring raises the prospect of a longer postpandemic expansion despite the Federal Reserve pushing interest rates to a two-decade high.  Gross domestic product grew at a seasonally- and inflation-adjusted 2.4$ annual rate in the second quarter…  Consumer spending cooled but rose enough to drive overall growth alongside much stronger business investment in the second quarter.  U.S. stock indexes moved lower Thursday. The Dow Jones Industrial Average fell 237.40 points, or 0.67%, ending a 13-session streak of gains. | The Wall Street Journal | 07/27/2023 | Sarah Chaney Cambon and Christian Robles |
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| Dow, SEP 500 Extend Wins To Third Week | U.S. stocks rebounded Friday to cap off a week of gains, as soft inflation data boosted investor sentiment and shares of big tech companies powered the indexes higher.  The S&P 500 rose 1%. The Dow Jones Industrial Average about 177 points, or 0.5%. the Nasdaq Composite jumped 1.9%.  All three major indexes locked in weekly gains, with the S&P 500 and Dow each logging a third consecutive positive week. The Dow on Wednesday clinched a winning streak of 13 trading days, its longest streak since 1987.  “The market is really starting to price in this idea that we can actually hit a soft landing that seemed so elusive just a couple months ago,” said Matt Bush, managing director of macroeconomics and investment research at Guggenheim Partners.  New economic reports released Friday showed a cooling in price and pay pressures. The personal-consumption expenditures price index, the Fed’s preferred inflation gauge, rose 3% in June from the year earlier, down from a 3.8% rise the prior month, the Commerce Department reported Friday. A separate report on wages released Friday from the Labor Department showed a slowdown in employer spending on compensation. | The Wall Street Journal | 07/29-30/2023 | Hannah Miao |
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| A Soft Landing In Sight For U.S. Economy | Parts of the economy are cooling, just as the Federal Reserve would like to see then to combat inflation.  Yet the key to a measured, inflation-busting slowdown that doesn’t sink the economy – what many economists call a soft landing – lies in whether companies hold on to workers or lay them off.  They are making a priority of keeping workers. Apple, for one, is avoiding layoffs despite economic uncertainty.  All those retained workers, in turn, are spending their paychecks, albeit more slowly. So the economy appears to be steadily cooling, while averting the long-anticipated recession. | The Wall Street Journal | 07/29-30/2023 | Ruth Simon and Sarah Chaney Cambon |
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| What’s News | ♦ Pay and price pressures showed fresh signs of retreating from the economy, adding to evidence that inflation is moving closer to the Federal Reserve’s goal. | The Wall Street Journal | 07/29-30/2023 |  |
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| Bond Funds Stumbled During Fed’s Rate Increases | Of almost 2,000 actively managed bond funds covering a range of investing strategies, 58% failed to beat comparable bond indexes after accounting for the fees that investors pay over the past 18 months – roughly the stretch of the Fed’s campaign – according to data from Morningstar Direct. With bond prices suffering across the board, only about 1 in 10 of the funds posted positive returns.  Passive index funds have posed stiff competition for active investing strategies for decades.  But even some investors who have been sold on passive stock strategies still stand by active bond management, arguing that the quirks and complexities of debt investing mean their market is different.  Periods of rapidly changing rates can be some of the most challenging conditions for bond managers, said Roger Aliaga-Diaz, head of portfolio construction at Vanguard…  Strategies with little exposure to rising interest rates did the best. Loan funds, which mostly buy floating-rate debt, returned 3.3%, and funds that focus on ultrashort-term debt returned 2.4%. | The Wall Street Journal | 07/31/2023 | Matt Grossman |

They are not capitalists – Based on data through 2021, the Chinese government has owned between 25% to 28% of the entire Chinese economy over each of the last 21 years (source: Gavekal Research).

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