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| **RESOURCE LOG – AUGUST 2022** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
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| What’s News | ♦ China’s major economic pillars wobbled in July, with weakness in manufacturing and the all-important property sector showing the pressure on a country that remains a drag on the struggling global economy. | The Wall Street Journal | 08/01/2022 |  |
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| Consumers ’Uneven Spending Fuels Caution Among Retailers | Data last week revealed new evidence from companies and the government that household spending is growing more strained.  The latest financial results also show that many big companies’ profits have held up this year by passing along to consumers higher labor and fuel costs. | The Wall Street Journal | 08/01/2022 | Annie Gasparro and Theo Francis |
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| Individuals Ramp Up Bets on Tech | Many individual investors have viewed the beating down of technology stocks as an opportunity to double down on them.  The Nasdaq Composite Index-home to the big tech stocks that propelled the market’s decadelong rally-has fallen 21% in 2022.  In late July, purchases by individuals of a basket of popular tech stocks hit the highest level since at least 2014, according to data from Vanda Research. The basket includes the FAANG stocks-Facebook parent Meta Platforms Inc., Amazon, Apple Inc., Netflix Inc. and Google parent Alphabet Inc.-along with a handful of others like Tesla Inc. and Microsoft Corp.  Tech stocks have been on the rebound of late, partly on investor hopes for a slower path of interest-rate increases in the months ahead. The Nasdaq gained 12% in July, its best month since April 2020, outperforming the broader S&P 500. Which rose 9.1%. | The Wall Street Journal | 08/01/2022 | Gunjan Banerji |
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| Investors Fear Quick End to Rally | Bearish investors aren’t buying into hopes that July’s rapid advance for stocks heralded the start of a new bull market.  If anything, they say the worst might be yet to come as inflation remains high, the Federal Reserve plans more interest-rate increases and stocks trade at valuations that still don’t look cheap.  That view is at odds with the market’s sudden appetite for stocks. After a punishing first half, the S&P 500 rallied 9.1% in July, its strongest month since November 2020. The gains pared the index’s year-to-date decline to 13%.  Data last week showed the economy contracted for a second consecutive quarter, intensifying debate over whether the U.S. is headed for – or already in – a recession. | The Wall Street Journal | 08/02/2022 | Karen Langley |
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| Stocks Sink on China, Fed Fears | Stocks fell as House Speaker Nancy Pelosi’s visit to Taiwan added to geopolitical tensions and Federal Reserve officials indicated that their fight against inflation was still going strong.  The Dow Jones Industrial Average dropped 402.23 points, or 1.2%, to 32396.17. the S&P 500 declined 27.44%, or 0.7%, to 4091.19. The technology-heavy Nasdaq Composite slipped 20.22, or 0.2%, to 12348.76. | The Wall Street Journal | 08/03/2022 | Will Horner; Rebecca Feng and Alexander Osipovich |
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| U.S. Data Signal Cooling Labor Market | U.S. job opening fell in June to their lowest level in nine months and hiring slowed, in new signs of a cooling labor market.  Despite the decline, total job openings remained well above the number of people unemployed but looking for work…  …Federal Reserve Chairman Jerome Powell has said that the U.S. isn’t in a recession.  Mr. Powell pointed to the labor market as a source of U.S. strength.  Worker pay and benefits have risen fast this year, reflecting the imbalance of jobs and available workers. Wages and benefits increased 5.1% in the second quarter… | The Wall Street Journal | 08/03/2022 | Rina Torchinsky |
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| What’s News | ♦ U.S. job openings fell in June to their lowest level in nine months and hiring slowed, in new signs of a cooling labor market. | The Wall Street Journal | 08/03/2022 |  |
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| Gasoline Prices Fall 50 Days Straight | U.S. gasoline prices have fallen for seven straight weeks and are approaching an average price of $4 a gallon, easing the pain of record-high fuel costs amid shrinking global demand for oil.  Global demand for oil has fallen in recent weeks as economic growth has slowed around the world, including in China, analysts said.  Whether gas prices keep moving lower depends on several factors. Potential hurricanes around the gulf of Mexico that could force refineries offline; and unanticipated disruptions from the Russia-Ukraine war could both drive gas prices up again; analysts said. | The Wall Street Journal | 08/04/2022 | Joseph De Avila and Lauryn Azu |
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| What’s News | ♦ Major U.S. stock indexes rose, with the Nasdaq, S&P 500 and Dow industrials posting gains of 2.6%, 1.6% and 1.3%, respectively. | The Wall Street Journal | 08/04/2022 |  |
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| What’s News | ♦ U.S. gasoline prices have declined for seven straight weeks and are approaching an average price of $4 a gallon. | The Wall Street Journal | 08/04/2022 |  |
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| Speculators Ditch Commodities  *Hedge funds’ exodus amplifies other factors reducing prices for corn, soybeans, wheat* | It is a sharp reversal from earlier this year when money managers, worried about inflation and war-related supply problems, helped run up commodity prices by piling into futures markets with bets that prices would rise.  Crop prices have tumbled to a bout where they were a year ago…  Speculative support has come out of the broader market for raw materials from crude oil to copper, contributing to price declines that have raised hopes among investors that inflation has peaked.  When hedge funds sell, prices go down.  Speculators aim to profit on price moves rather than manage risk. | The Wall Street Journal | 08/05/2022 | Ryan Dezember |
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| Nasdaq Advances, But Dow, S&P Fall | Stocks closed missed as investors considered a fresh batch of corporate earnings reports and the number of Americans applying for unemployment benefits increased.  The S&P 500 lost 3.23 points, or less than 0.1%, to 4151.94. The technology-focused Nasdaq composite added 52.42 points, or 0.4%, to 12720.58. The Dow Jones Industrial Average shed 85.68 points, or 0.3%, to 32726.82.  Treasury yields fell, extending a spell of volatility as investors weighed high inflation and rising interest rates against a worsening outlook for the economy. The yield on 10-year Treasury notes fell to 2.674% from 2.747% Wednesday…  “We could be in a bit of a bear-market rally,” said Desmond Lawrence, senior investment strategist at State Street Global Advisors.  Investors appear to be reasoning that slowing economic growth will pull the Fed back from raising interest rates, which would boost the price of stocks and bonds, Mr. Lawrence said. “That might be a little bit premature,” he said…  Mortgage rates dropped to their lowest level since April. The average rate on a 30-year fixed-rate mortgage is 4.99% this week, down from 5.30% a week earlier. | The Wall Street Journal | 08/05/2022 | Joe Wallace and Vicky Ge Huang |
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| Trade Deficit Shrank 6.2% in June | The U.S. trade deficit narrowed sharply in June to its lowest level in six months as a rise in shipments of energy products pushed up exports, while cooling consumer appetite weighed on imports. | The Wall Street Journal | 08/05/2022 | Yuka Hayashi |
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| Average 30-Year Fixed Mortgage Falls to 4.99% | Mortgage rates dropped to their lowest level since April, offering a reprieve to prospective home buyers who have been hit this year with higher rates and surging prices. | The Wall Street Journal | 08/05/2022 | Ben Eisen |
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| Bank of England Raises Rates by Half Point | The Bank of England raised interest rates by the most in more than 25 years on Thursday, even as it predicted the U.K. economy will fall into recession this year, underscoring global central banks’ urgency in fighting a surge in inflation.  The rate increase – to 1.75% from 1.25%- was the largest since 1995 and the first half-point increase since the bank was granted independence in 1997. The move mirrors recent rate increases by the Federal Reserve and the European Central Bank, reflecting fears that the longer inflation is allowed to persist, the harder it will be to bring down.  The Bank of England offered a particularly bleak outlook for the U.K., saying the economy was poised to enter a recession that would last for five consecutive quarters starting in the final three months, of the year, a downturn as long as the one that followed the 2008 financial crisis but not as deep. | The Wall Street Journal | 08/05/2022 | Will Horner |
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| What’s News | ♦ The biggest U.S. companies keep stepping up their spending on capital projects an encouraging signal to investors in an uncertain economic climate. | The Wall Street Journal | 08/05/2022 |  |
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| Hiring Regains Jobs Lost Ince ‘20 | U.S. employees added a robust 528,000 jobs last month, helping the economy recoup the 22 million positions lost early in the pandemic, as hirers clamored for workers despite a slowdown in economic growth.  The jobs recovery took nearly 2 ½ years and included a stretch I the first half of the year when payrolls grew faster than during any other post-World War II period that also featured the start of an economic contraction. The unemployment rate dropped to 3.5% in July, a half-century low also seen just before the pandemic, the Labor Department said Friday.  While the economy has recovered all the jobs it lost since February 2020, there are 623,000 fewer people in the workforce, a factor that has pushed up wages due to demand.  Wage growth was stronger than economists anticipated, with average hourly earnings rising 0.5% from June and 5.1% from a year ago.  Stocks closed mostly lower Friday a s some investors s aw the report as a signal that the Federal Reserve will have to soon slow its rate rises. But that depends crucially on a slowdown in economic activity, especially hiring, and Friday’s report offered no such signal. | The Wall Street Journal | 08/06-07/2022 | Gabriel T. Rubin |
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| What’s News | ♦ The jobs report defied expectations of an economic slowdown and will make it harder for the Fed to dial back the pace of rate increases next month. | The Wall Street Journal | 08/06-07/2022 |  |
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| Senate Passes Climate, Health Measure | The senate passed a bill spending hundreds of billions of dollars on climate and healthcare programs while raising taxes on large, profitable companies…  The legislation, … offers tax incentives for reducing carbon emissions, seeks to allow Medicare to negotiate the price of some prescription drugs, allots roughly $80 billion to the Internal Revenue Service and extends subsidies for health insurance under the Affordable Care Act. Along with a new 15% corporate minimum tax, it creates a 1% excise tax on companies’ stock buybacks and sets aside roughly $300 billion toward reducing the deficit.  The proposed taxes wouldn’t raise levies directly on middle-class households, but higher business taxes can add costs elsewhere that affect individuals.  Experts disagree about how much of corporate tax increases is passed on to shareholders or workers. | The Wall Street Journal | 08/08/2022 | Andrew Duehren and Siobhan Hughes |
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| Profit Outlooks Hang Over Stocks  *Lowering of earnings expectations spur worries that shares are overpriced* | Wall Street often uses the ratio of a company’s share price to its earnings as a gauge for whether a stock appears cheap or overpriced. By that metric, the market as a whole had been especially pricey for much of the past two years when easy monetary policy propelled major stock indexes to dozens of highs.  “It’s had for us to argue the market is cheap,” said Rob Haworth, senior investment strategist at U.S .ban. “We haven’t yet seen the end of earnings resetting.”  The market’s valuation is back on the rise as well, After slipping from lofty levels at the beginning of the year, the S&P 500 is trading at 17.5 times expected earnings over the next 12 months, up from 15.3 to mid-June and slightly ahead of its 10-year average.  In the week ahead, investors await reports on consumer and producer prices for the latest reading on inflation. | The Wall Street Journal | 08/08/2022 | Hannah Miao |
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| Wage Growth Keeps Pressure on Inflation | Average hourly earnings grew 5.2% in July from a year earlier, and annual wage gains have exceeded 5% each month this year, the Labor Department said Friday. The rapid earnings growth adds to other evidence that employers are continuing to increase pay as they try to find and keep workers in a tight job market.  Higher wages and job growth, combined with a contraction in overall economic output, are weighing on labor productivity, a measure of goods and services produced per hour worked.  Strong wage growth is a concern for Federal Reserve officials, economists say.  Households expect much higher inflation in a year than they did in spring 2021, which could lead workers to demand higher wages to keep up with the cost of living.  Workers are quitting at higher rates than before the pandemic took hold. | The Wall Street Journal | 08/10/2022 | Sarah Chaney Cambon |
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| What’s News | ♦ Public pension plans lost a median 7.9% in the year ended June 30, according to Wilshire Trust Universe Comparison Service data, their worst annual performance since 2009. | The Wall Street Journal | 08/10/2022 |  |
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| Social Security Headed for Big Payout | Social Security recipients are on track to receive the highest cost-of-living increase in more than four decades next year.  In determining the cost of living adjustment, or COLA, the Social Security Administration compares the average figures for July, August and September to the index’s average level over the same period a year earlier.  The official Social Security COLA will e set following September’s data.  …70 million retirees and disabled people who receive Social Security benefits could see their monthly checks rise by about 9.6% in 2023, according to estimates from the nonprofit Senior Citizens League… | The Wall Street Journal | 08/11/2022 | Anne Tergesen |
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| Inflation Pace Slows Down as Fuel Costs Ease | The pace of price increases slowed in July as energy costs dropped, pulling annual U.S. inflation down slightly from a four-decade high.  The Labor Department on Wednesday said the consumer-price index, a measure of what consumers pay for goods and services, rose 8.5% in July from the same month a year ago, down from 9.1% in June. June marked the fastest pace of inflation since November 1981.  U.S. stocks capped a strong rally Wednesday by roaring into the close, with the Nasdaq Composite Index back into bull-market territory. Yields on U.S. Treasurys fell.  Fed officials lifted interest rates in both June and July and will meet again in September to consider a further increase. Fed chairman Jerome Powell has said the central bank wants to see clear and convincing evidence that price pressures are subsiding before slowing or suspending rate increases.  Price pressures remain strong in part because the labor market is unusually tight.  …the jobless rate ticked down to 3.5%, matching the lowest in more than 50 years.  High demand for workers is driving wage growth, though not enough to offset inflation. Increased labor costs from worker shortages are prompting many employers to raise prices. | The Wall Street Journal | 08/11/2022 | Gwynn Guilford |
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| Tech-Led Nasdaq Enters Bull Market | The Nasdaq Composite if officially in a new bull market.  The technology-focused index rose 2.9% Wednesday, reflecting a rise oof more than 20% from its low in mid-June.  The recent rise in the Nasdaq ended its longest bear market since 2008 in the depths of the financial crisis. It is still down 18% this year and was off 32% at its low on June 16. | The Wall Street Journal | 08/11/2022 | Sam Goldfarb |
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| U.S. Budget Deficit Shrank 30% in July | The drop in the budget deficit this year is the product of the end of a burst of federal spending last year and rising government revenue this year.  Government outlays fell 15% to $480 billion in July after programs administered last year such as expanded unemployment benefits ended…  Over the first 10 months of the fiscal year ending Sept. 30, government spending has fallen 18% and receipts have increased 24%. | The Wall Street Journal | 08/11/2022 | Andrew Duehren |
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| Tech Shares Win Renewed Favor As Market Shifts | Some familiar stocks have reclaimed their place at the top of the market’s leaderboard.  The technology and consumer discretionary segments of the S&P 500 have propelled the broader market’s rally from its 2022 low in mid-June. That marks a reversal from much of the year when investors took shelter in utilities, consumer staples and healthcare stocks.  The tech and consumer discretionary groups – home to the likes of Apple Inc., Microsoft Corp., Amazon.com Inc. and Tesla Inc. – have climbed 20% and 25%, respectively, since June 16, outperforming the three defensive groups. The index itself has risen 15% trimming its losses for the year to 12%. The tech-focused Nasdaq composite is back in a bull market, reflecting a rise of more than 20% from its recent low.  Behind the U-turn? Expectations that inflation will eventually fall and the Federal Reserve will pare back its aggressive pace of interest-rate increases.  U.S. stocks surged after the inflation data. The Nasdaq rose 2.9%, the S&P 500 added 2.1% and the Dow Jones Industrial Average gained 1.6%.  The rotation in the stock market coincides with a steady decline in government-bond yields. The yield on the benchmark 10-year Treasury note touched an 11-year high of 3.482% on June 14. Lower yields have relieved some of the pressure on tech stocks, which are valued on their future cash flows. | The Wall Street Journal | 08/11/2022 | Pia Singh and Hardika Singh |
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| S&P, Nasdaq Fall, As Blue Chips Gains | Stocks ran out of steam, giving up gains despite additional data suggesting that inflation might be peaking.  The S&P 500 fell 2.97 points, or 0.1%, to 4207.27, while the tech-focused Nasdaq composite Index lost 74.89 points, or 0.6%, to 12779.91. The Dow Jones Industrial Average rose 27.16 points, or 0.1%, to 33336.67.  Stocks have rallied sharply from their trough in mid-June. The Nasdaq composite on Wednesday closed up more than 20% from its low, kicking off a new bull market, though it remains down 18% year to date. The Russell 2000, an index of small-company stocks, flirted with the same milestone Thursday before pulling back.  Energy stocks were the biggest gainers in the S&P 500,…  Fed Chairman Jerome Powell has repeatedly said he is more concerned about the risk of failing to stamp out high inflation than about the possibility of raising rates too high and pushing the economy into a recession.  \  Still, some investors hope the inflation figures reduce pressure on the Fed to raise rates aggressively. | The Wall Street Journal | 08/12/2022 | Caitlin Ostroff and Corrie Driebusch |
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| OPEC Cuts Oil-Demand Forecasts | Global oil demand will be weaker than expected this year and next as economic growth slows, OPEC said Thursday, suggesting the cartel sees little need to increase output.  OPEC’s revisions come as oil prices have eased significantly from the highs they hit after Russia invaded Ukraine.  For the U.S. economy, OPEC cut its growth forecasts to 1.8% this year from 3% and to 1.7% in 2023 from last month’s 2.1% forecast. It expects China’s economy, the world’s second largest to grow by 4.5% this year, 0.6 percentage point less than it forecast in July.  The cartel has pushed back against calls for larger production increases, saying the limited spare capacity that its members retain should be kept on hand as a buffer against any unforeseen supply issues.  Brent crude, the international oil benchmark, rose 2.3%Thursday to settle at $99.60 a barrel. | The Wall Street Journal | 08/12/2022 | Will Horner |
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| What’s News | ♦ U.S. suppliers raised prices in July at the slowest annual pace since last fall as energy costs dropped, adding to signs that price pressures have eased slightly. | The Wall Street Journal | 08/12/2022 |  |
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| Burst Housing Bubble Deepens China’s Woes | China’s deflating property bubble is imperiling the world’s second-largest economy with effect that could ripple for years.  Home prices are dropping many cities after a long period of increases, data from Chinese real-estate developers and official statistics show.  The bigger risk is to China’s economy. Bank of America research analysts noted in a report last month that approximately 9% of the housing floor space that was presold in 2020 and 2021 risks not being completed on schedule because of developers’ financial troubles… | The Wall Street Journal | 08/12/2022 | Rebecca Feng and Cao Li |
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| What’s News | ♦ Japan’s economy recovered its prepandemic level in the April -June quarter thanks to strong consumer spending. | The Wall Street Journal | 08/15/2022 |  |
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| Traders Fear a Short-Lived Rally | Stocks reached another milestone in their comeback last week, with the Nasdaq composite rising more than 20% from its mid-June low to end its longest bear market since 2008.  The rally has stirred a familiar debate: Will the rebound continue?  On the flip side, the Federal Reserve isn’t done raising interest rates, leaving richly valued parts of the market vulnerable.  The S&P 500 is up 17% over the same period but remains down 10% for the year.  With inflation remaining near multiyear highs, some investors worry parts of the market are in for another punishing selloff, especially if the Fed has to raise interest rates for longer than expected. | The Wall Street Journal | 08/15/2022 | Akane Otani |
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| Beijing Cuts Rates As Growth Pace Slows  *Unexpected move follows data showing spending, factory output losing steam* | China’s economy stumbled in July as a two-month boost from easing lockdowns faded, prompting the country’s central bank to unexpectedly cut two key interest rates in an effort to shore up faltering growth.  Economists said Monday’s policy moves would probably do little to spur more borrowing by households and businesses that are on edge over the threat of fresh disruptions to daily life from any new Covid-19 outbreaks and gloomy about their prospects against a worsening backdrop for growth and jobs. | The Wall Street Journal | 08/16/2022 | Jason Douglas |
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| Freight Rates Cool As Shipping Heads Into Peak Season | Freight rates are pulling back from historic highs, according to trucking-sector measures, and executives say the flood of shipments from retailers and manufacturers is flattening out and even falling in some markets as high inflation and shifting consumer buying patters leave many companies overstocks.  The closely watched Cass Freight Index, which measures shipping demand in the U.S., declined 1.7% from June to July, the second straight month-to-month drop.  Freight rail volumes are faltering, declining 2.6% overall in the first week of August…  The push by retailers to replenish depleted inventories and the rapid shift to online consumer sales early in the pandemic pushed double-digit shipments gains for many trucking companies… | The Wall Street Journal | 08/16/2022 | Liz Young |
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| Market Believes in 5 Not-So-Impossible Things | The basic story as I see it is that an overheated economy is pushing up inflation, a hot jobs market is pushing up wages, and the Federal Reserve plans to cool things by raising rates toward 4% and holding them there for a year.  Wall Street strategists and major investors agree. For example, the median forecast for 10-year bond yields next year in a Philadelphia Fed survey of professional investors is 3.4%, far above today’s 2.8%.  The markets disagree. The past two months’ rally in bonds and stocks – even putting the Nasdaq back into bull-market territory – rests on a lot of people being wrong. Treasurys and interest-rate futures are priced for the Fed to raise rates smartly then cut them back quickly next year.  Here are the five things the contrarian market seems to believe:  1: Inflation is Transitory.  2. The Fed realizes this in time.  3. The jobs market cools enough to slow wage rises.  4. But not so much it means falling household spending.  5. So consumer spending rises in real terms. | The Wall Street Journal | 08/17/2022 | James Mackintosh |
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| European Gas Prices Hit High | Natural-gas prices in Europe closed at a record Tuesday with hot summer weather boosting fuel demand and Russia throttling back supplies.  In the U.S., where exports to Europe have helped keep domestic supplies lean, natural-gas futures climbed Tuesday to $9.329 per million British thermal units, the highest price in 14 years and 150% more than a year ago. | The Wall Street Journal | 08/17/2022 | Joe Wallace |
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| Retailers’ Quarterly Results Cheer Investors  *Walmart, Home Depot report an increase in revenue as consumers pay more for items* | Walmart shares rose more than 5%, Home Depot’s more than 4%. The gains helped lift the Dow Jones Industrial Average nearly 240 points, or 0.7%.  “I certainly don’t want to say the consumer is strong, but they are relatively OK,” Walmart Chief Financial Officer John David Rainey said in an interview.  While many Americans are showing signs of financial s tress, some measures of consumer health have shown improvement in recent weeks. | The Wall Street Journal | 08/17/2022 | Sarah Nassauer |
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| Housing Starts Declined in July | Construction of housing in the U.S. continued to slow as inflation and high mortgage rates made it more expensive to build and buy property. Housing starts fell 9.6% in July from the prior month… | The Wall Street Journal | 08/17/2022 | Source: U.S. census Bureau via St. Louise Fed |
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| Activity in SPACs Reaches Lowest Level in Five Years As Boom Fades Quickly | SPACs were one of the hottest investments on Wall Street early last year, booming alongside cryptocurrencies, meme stocks and other speculative trades as an easy way for buzzy startups to raise money and go public.  Those who set up SPACs stand to lose a lot of money if they can’t find deals.  A SPAC is a shell company that raises money from investors with the sole purpose of merging with a private company to take it public.  After a deal is announced and approved by regulators, the company replaces the SPAC in the stock market.  Because SPAC investors don’t know what kind of deal the blank-check company will do, the creators typically have about two years to find a deal or they must return the money to investors and forfeit the millions they spent to set up the SPAC. | The Wall Street Journal | 08/18/2022 | Aziz Sunderji and Amrith Ramkumar |
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| Retail Spending Is Steady As Online Picks Up  *Declining gasoline prices spur a shift in consumer buying to everyday items* | …said Ian Shepherdson, chief economist at Pantheon Macroeconomics. He added that consumer spending appears to have got off to a “pretty strong start” in the third quarter. | The Wall Street Journal | 08/18/2022 | Harriet Torry and Austen Hufford |
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| U.K. Inflation Rate Tops 10%, Leading a Rise Across Europe | The U.K.’s annual rate of inflation moved into double digits in July and is set to rise even higher by the end of the year, heaping greater pressure on stretched household budgets and threatening a lengthy economic contraction.  That pickup in inflation has been replicated in other parts of Europe, even as consumer prices have started to slow in the U.S.  That is because energy prices have continued to accelerate across Europe… | The Wall Street Journal | 08/18/2022 | Paul Hannon |
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| Bank Stocks Come Back After Selloff  *Five of the six largest U.S. banks have outperformed the S&P 500 since June* | Bank stocks have had a rough year. Lately they’re showing signs of life.  Since the end of June, five of the six largest U.S. banks have outperformed the S&P 500’s 13% gain.  Bank stocks sold off sharply in the first half of 2022 after two years of significant gains, pushed lower by a number of factors. | The Wall Street Journal | 08/19/2022 | Charley Grant |
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| What’s News | ♦ U.S. existing home sales fell in July for the sixth straight month, the longest streak of declines in more than eight years, as higher mortgage rates and a shortage of homes for sale cool the once red-hot market. | The Wall Street Journal | 08/19/2022 |  |
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| Wall Street Bets the Fed Is Bluffing in Inflation Game | The Federal Reserve says it is going to keep raising interest rates.  Wall Street thinks it’s bluffing.  The S&P 500 is up 17% from its mid-June low. The yield on the 10-year U.S. Treasury note, which is used to help set rates on debt such as mortgages and student loans is down more than half a percentage point from its June peak. Even battered cryptocurrencies have jumped.  A parade of Fed officials has tried to push back. “There’s a disconnect between me and the markets,” Minneapolis Fed President Neel Kashkari said last week.  An expectation the Fed will start cutting interest rates in the next six to nine months isn’t realistic, Mr. Kashkari said. It is more likely the Fed will “raise rates to some point, and then we will sit there until we get convinced that inflation is well on its way back down to 2%,” he said.  If the Fed follows that path, markets are likely to face a painful reckoning – one that could unwind much of the recent rally and extend what has been a tumultuous stretch for investors from retail traders to hedge funds to pension funds.  U.S. stocks suffered their worst first half of a year since 1970. Investment-grade bonds posted their worst first half in history.  Then came the unexpected. Investors started to believe the Fed would again come to the rescue, despite much evidence to the contrary.  In June, the Fed voted to raise interest rates by 0.75 percentage point, marking its biggest rate increase since 1994…  Skeptics of the rebound say that even if inflation turns out to be peaking, it likely won’t fall fast enough for the Fed to pivot as quickly as the markets expect.  If the Fed holds tight to its plans, markets could be in for a tough ride. | The Wall Street Journal | 08/19/2022 | Akane Otani |
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| What’s News | ♦ U.S. stocks fell, ending the week lower and snapping a four-week stretch of gains for the S&P 500, as investors second-guessed how aggressively the Fed will need to move to tame inflation. The S&P 500, Dow and Nasdaq lost 1.3%, 0.8% and 2%, respectively, on Friday. | The Wall Street Journal | 08/20-21/2022 |  |
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| Broad Group Of Stocks Propels Rebound | The S&P 500 has risen 15% from its 2022 low in mid-June, with all 11 sectors of the benchmark climbing to start the third quarter.  Plus, a widely followed technical indicator for market breadth recently hit a key milestone. The share of S%P 500 stocks closing above their 50-day moving averages rose earlier this month to 93% - the highest level since the summer of 2020 – and held above 90% for most of last week, according to FactSet and Dow Jones Market Data. | The Wall Street Journal | 08/22/2022 | Hannah Miao |
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| Droughts Take Widening toll On World’s Largest Economies | Severe droughts across the Northern Hemisphere – from the farms of California to waterways in Europe and China – are further snaring supply chains and driving up the prices of food and energy, adding pressure to a global trade system already under stress.  For some of the world’s biggest economies, this summer’s droughts are hurting industries including electricity generation, agriculture, manufacturing and tourism. | The Wall Street Journal | 08/22/2022 | Matthew Dalton, Jim Carlton and Sha Hua |
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| What’s News | ♦ Business activity in the U.S., Europe and Japan fell in August, according to new surveys, pointing to a sharp slowdown in global economic growth. | The Wall Street Journal | 08/24/2022 |  |
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| Natural Gas Price Touches 14-Year High | U.S. natural-gas futures reached a 14-year intraday high Tuesday, before falling at the close, a sign of the unceasing demand for U.S. shale gas across the Atlantic and likely pointing to rising prices and market volatility ahead.  The latest price surge came in response to Russia’s plans to shut down one of Europe’s main fuel arteries for a few days at the end of the month. | The Wall Street Journal | 08/24/2022 | Ryan Dezember |
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| Investors Return to Stock Funds | The summer’s market rally has begun to lure investors back into stock funds.  That is a shift from earlier in the summer, when many investors assessed their losses from a brutal start to the year and headed for the exits.  More recently, appetite for stock funds has returned as the market advanced from its low more than two months ago. The S&P 500 has climbed 13% since June 16.  The ascent has been uneven. The S&P 500 dropped 3.6% over the past three sessions, as investors are still grappling with several issues. Inflation remains red-hot, and the Federal Reserve says it will keep raising interest rates.  Investors this week will parse the latest jobless-claims…  They also will keep an eye on the Fed’s annual economic symposium in Jackson Hole, Wyo., and examine earnings reports due from companies… | The Wall Street Journal | 08/24/2022 | Karen Langley |
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| What’s News | ♦ Emerging markets are burning through foreign currency reserves at the fastest rate since 2008, raising the risk of a wave of defaults. | The Wall Street Journal | 08/25/2022 |  |
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| What’s News | ♦ U.S. stocks edged higher, with the S&P 500, Nasdaq and Dow gaining 0.3%, 0.4% and 0.2%, respectively. | The Wall Street Journal | 08/25/2022 |  |
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| What’s News | ♦ Biden plans to forgive as much as $20,000 in federal student loan debt for tens of millions of Americans… | The Wall Street Journal | 08/25/2022 |  |
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| Central Bankers Worry Inflation Pressures Will Stick  *Outlook dims for return to era when rates, price growth were low* | To counter the impact of a decline in global commerce and persistent shortages of labor, commodities and energy, central bankers might lift interest rates higher and for longer than in recent decades – which could result in weaker economic growth, higher unemployment and more frequent recessions.  The Federal Reserve’s current round of interest-rate increases, which economists say have pushed the U.S. to the brink of a recession, could be a taste of this new environment. | The Wall Street Journal | 08/25/2022 | Nick Timiraos |
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| Emerging Markets Face Dollar Crunch | Emerging markets are burning through stockpiles of U.S. dollars and other foreign currency at the fastest rate since 2008, raising the risk of a wave of defaults across the world’s most fragile economies.  Central banks around the world are using reserves to defend their currencies against the rallying U.S. dollar and to cover higher import bills for food and fuel. | The Wall Street Journal | 08/25/2022 | Chelsey Dulaney |
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| Stocks Rally as Traders Await Powell Talk | Stocks rose as investors reviewed a batch of economic data and awaited the annual gathering of central bankers in Jackson Hole, Wyo.  Stocks have risen in two straight sessions as money managers await Federal Reserve Chairman Jerome Powell’s speech in Wyoming on Friday.  Another item on the list of investors’ concerns is a major slowdown in China’s economy.  The S&P 500 gained 58.35 points, or 1.4%, to 4199.12, while the technology-focused Nasdaq composite Index added 207.74 points, or 1.7%, to 12639.27. the Dow Jones Industrial Average advanced 322.55 points, or 1%, to 33291.78.  Government bond yields slipped, with the yield on 10-year Treasurys moving to 3.023%... | The Wall Street Journal | 08/26/2022 | Joe Wallace and Vicky Ge Huang |
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| Yields Climb on Economic Hopes | Yields, which rise when bond prices fall, remain below their peaks set in June, when investors were most concerned about runaway inflation. But they a re also now well above their recent lows…  Investors mostly don’t think the U.S. is in a recession.  The yield on the 10-year U.S. Treasury note settled Thursday at 3.023%...  Yields on U.S. Treasurys largely reflect investors’ expectations for short-term interest rates set by the Fed. They, in turn, set a floor on borrowing costs across the economy…  Starting with a surprisingly strong jobs report in early August, good economic news has been bad for bonds in recent weeks… | The Wall Street Journal | 08/26/2022 | Sam Goldfarb |
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| Fed Chief’s Hard Line Sinks Stocks | The Federal Reserve must continue raising interest rates and hold them at a higher level until it is confident inflation is under control even if unemployment rises, Chairman Jerome Powell said at a central bank retreat Friday.  “We will keep at it until we are confident the job is done,” he said.  U.S. stocks plunged, led by a sharp selloff in technology shares, while bond yields rose after Mr. Powell’s remarks, which were unusually brief for such a gathering. | The Wall Street Journal | 08/27-28/2022 | Nick Timiraos |
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| Dow Logs Biggest Daily Fall Since May | The Dow Jones Industrial Average sank more than 1,000 points Friday after Federal Reserve Chairman Jerome Powell vowed to keep pressing the fight against inflation, even at the expense of economic growth.  Friday’s selloff capped two consecutive weeks of losses for major stock indexes and largely wiped out the market’s gains since late July.  The Dow shed 1,008.38 points, or 3%, to 32283.40, the blue-chip index’s biggest one-day drop since May. | The Wall Street Journal | 08/27-28/2022 | Alexander Osipovich & Will Horner |
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| Investors Ramp Up Bets on A Market Slump | Investors are stepping up bets on a market downturn, a sign of waning sentiment that analysts said could presage a return to the volatile trading of the first half of 2022.  Net short positions against S&P 500 futures have grown in the past couple months, reaching levels not seen in two years. That means traders are increasing their bets that the index will fall, or at least hedging against that risk.  The S&P 500 has risen 11% since June 16 but remains down 15% for the year.  “There’s so much skepticism, so we’re still in the sell-the-rally mentality,” said Mark Hackett, chief of investment research for Nationwide. “If everybody feels we’re in a bear market rally, it will almost become a self-fulfilling prophecy.” | The Wall Street Journal | 08/29/2022 | Hannah Miao |
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| Markets Rethink Bets After Being Jared by Powell | Stocks’ sharp fall Friday reopens a question that investors had largely put on hold during a two-month summer rally: how to minimize pain through what stands to be another bruising period in markets.  Over two weeks of decline, the S&P has now given up 4.5%, its worst stretch since mid-June. On Friday, bond prices slid, cryptocurrencies fell and every major industry sector posted stock-market losses.  This Friday brings the latest employment report from the Labor Department, expected to show that the economy added 325,000 jobs in August and that unemployment stayed anchored at 3.5%.  Friday’s trading was the latest session of a tug of war that has often pitted the Fed against investors over the summer. At its July meeting, the Fed raised its target rate’s range to 2.25% to 2.55. Most central-bank officials have projected that the benchmark will have to continue climbing, topping 3.5% by the end of next year. | The Wall Street Journal | 08/29/2022 | Matt Grossman |
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| Yields Increase As Rate Jitters Mount | U.S. Treasury yields climbed Monday as a selloff in government bonds gathered pace, highlighting investor unease at the likely impact of the Federal Reserve’s promise to hold the line against inflation.  The yield on the two-year Treasury note, which is more sensitive to near-term Fed policy expectations, rose to 3.427% from 3.391% Friday.  U.S. stock indexes finished lower after Friday’s washout. The S&P 500 dropped 27.05 points, or 0.7%, to close at 4030.61. The Dow Jones Industrial Average lost 184.41 points, or 0.6%, to 32098.99, while the tech-focused Nasdaq composite Index was off 124.04 points, or 1%, to 12017.67.  Oil prices rose, with Brent crude gaining $4.10 per barrel, or 4.1%, to $105.09, …  Monday’s moves suggest U.S. stocks could see more turbulence ahead… | The Wall Street Journal | 08/30/2022 | Hardika Singh, Caitlin McCabe and Dave Sebastian |
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| Russia Confounds the West By Regaining Its Oil Riches | Sales are booming in Russia’s export market, the world’s largest in crude and refined fuels. And new trade arrangements have given Mr. Putin cover to use natural-gas exports as an economic weapon against Ukraine’s European Allies. Before the war, Russia supplied Europe with 40% of its gas.  “Russia is swimming in cash,” said Elina Ribakova, deputy chief economist a t the Institute of International finance. | The Wall Street Journal | 08/30/2022 | Joe Wallace and Anna Hirtenstein |
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| Property Woes Batter Chinese Bank Shares | The selloff is just the latest indication of the problems a slowdown in the property sector is having on the wider economy. A two-year deleveraging campaign has damaged Chinese property companies, brining on a liquidity crunch that has led to defaults among developers, the suspension of ongoing building projects and a big drop in new-home sales.  That is bad news for Chinese banks… | The Wall Street Journal | 08/30/2022 | Cao Li |
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| Selloff Deepens As Rate Fears Rise | U.S. stocks fell for a third straight session, bringing the S&P 500’s decline to 5.1% over that period, as economic data fanned investors’ fears that the Federal Reserve has ample runway to continue raising interest rates aggressively.  The S&P 500 shed 44.45 points, or 1.1%, to close at 3986.16. The benchmark has seen more than $1.5 trillion of its market capitalization wiped out since stocks began selling off Friday.  The Tech-focused Nasdaq Composite pulled back 134.53 points, or 1.1%, to 11883.14. the Dow Jones Industrial Average retreated 308.12 points, or 1%, to 31790.87.  Stocks began their descent after Federal Reserve Chairman Jerome Powell said Friday that the central bank must continue raising interest rates and hold them at a higher level until policy makers are confident inflation is under control.  The stock market’s summer rally has screeched to a halt.  The pullback in stocks on Tuesday was broad, with all 11 sectors of the S&P 500 finishing in negative territory.  In energy markets, Brent crude, the international benchmark for oil prices, fell $5.78 a barrel, or 5.5%, to $99.31. Energy stocks also sold off sharply, with the sector leading losses in the S&P 500. | The Wall Street Journal | 08/31/2022 | Hannah Miao and Caitlin Ostroff |
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| Job Openings Up, Layoffs Drop | The Labor Department said there were a seasonally adjusted 11.2 million job openings in July, up from the previous month’s upwardly revised 11 million. Layoffs and discharges fell slightly to 1.4 million in July from the prior month’s level. Hiring slowed slightly to 6.4 million from 6.5 million in June. | The Wall Street Journal | 08/31/2022 | Source: Labor Department |

Many Happy Returns: If you’re just now turning 70, these are the probabilities that you’ll celebrate other milestone birthdays.

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| **Age** | **75** | **80** | **85** | **90** |
| **Men** | **87%** | **78%** | **49%** | **26%** |
| **Women** | **91%** | **78%** | **60%** | **37%** |

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Prepared by James M. Juengling.

Juengling & Associates