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| **RESOURCE LOG – AUGUST 2023** |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
| What’s News | ♦ The eurozone economy returned to modest growth in the three months through June, but persistent headwinds could portend another difficult economic winter for the region this year. | The Wall Street Journal | 08/01/2023 |  |
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| China’s Recovery Shows signs of Stalling | Leading economic indicators of manufacturing and services activity in China were weak in July, evidence the world’s second biggest economy is losing momentum as authorities demonstrate limited appetite to reverse the trends.A range of economic challenges are dragging on China’s outlook, including youth unemployment, deflationary pressures and a prolonged housing market slowdown. The broader Chinese economy barely grew in the second quarter. | The Wall Street Journal | 08/01/2023 | Stella Yifan Xie |
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| Caterpillar’s Sales Surge as Construction Booms | Caterpillar’s revenue surged 22% in the second quarter as demand for its construction products rose despite higher prices. | The Wall Street Journal | 08/02/2023 | Ben Glickman |
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| Earnings Season Threatens Tech Stocks | Stocks have rallied as the economy has proved more resilient than expected and investors bet the Federal Reserve could soon conclude its aggressive campaign of raising interest rates, which crushed stocks in 2022. Excitement about artificial-intelligence technology has also sparked a frenzy in markets, boosting megacap tech stocks such as Nvidia and Microsoft. The S&P 500 is up 19% this year, and the tech-heavy Nasdaq composite has gained 36%.But while stocks have climbed, corporate profits have fallen.That would mark the largest quarterly earnings decline for the index since the second quarter of 2020 and a third consecutive quarter of declining profits.Investors say t he optimism in the markets could soon evaporate if profits get squeezed further… | The Wall Street Journal | 08/02/2023 | Hannah Miao |
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| Downgrade of U.S. Sparks Market Selloff*Nasdaq turns in worst one-day decline in months; bond yields surge* | The S&P 500 slipped 1.4%, while the tech-heavy Nasdaq Composite lost 2.2%, its worst one-day performance since February. The Dow Jones Industrial Average lost 348 points, or 1%, dragged down by shares of Intel and Microsoft.The yield on the 10-year Treasury note rose to 4.077%, its highest level since November, as bond prices fell.On Tuesday, Fitch Ratings downgraded to AA+ from AAA America’s credit rating…Investors turned more cautious after the downgrade and a recent stretch of earnings results, and some portfolio managers said they were wary about how much higher major indexes could climb. | The Wall Street Journal | 08/03/2023 | Gunjan Banerji |
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| Oil Prices Perk Up After Supply Cuts | Oil prices have surged to the highest levels in three months, as the economic outlook improves and supply cuts from some of the world’s biggest producers start to bite.The most actively traded futures contract for Brent, the global yardstick for crude oil, jumped 13% in July, its biggest monthly gain in a year and a half. | The Wall Street Journal | 08/03/2023 | Anna Hirtenstein |
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| Fitch Tells The Federal Reserve To Walke Up | The essence of Fitch Ratings’ Tuesday decision to downgrade U.S. Treasury debt: We’re experiencing a slow-motion fiscal train wreck, not a “soft landing,” and it’s draining global capital and endangering the dollar.Fiscal deficits would average more than 6% of gross domestic product during that period, well above the historical panic button of 3%, pushing average growth below 2%. | The Wall Street Journal | 08/04/2023 | David Malpass |
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| Economic Slowdown Is Pending, Says Fed Bank Chief | The impact of Federal Reserve interest-rate rises “should start to really hit around now,” the president of the Federal Reserve Bank of Richmond, said at an event in Blacksburg, Va. “Most recessions come suddenly. Remember the pandemic or the global financial crisis. Unexpected shocks cause consumers and businesses to pull back in unison.”A recession now could be less severe than what was experienced in the 1980s or during the 2007-09 financial crisis, Barkin said.The Fed’s next meeting to consider interest rates and inflation is set for September. | The Wall Street Journal | 08/04/2023 | Bob Fernandez |
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| What’s News | ♦ The Bank of England raised its key interest rate for the 14th time in a row, and said it may do so again as it tries to cool the fastest rise in consumer prices in the G-7. | The Wall Street Journal | 08/04/2023 |  |
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| Weekly Loss for Equities Is a Warning*A bond selloff pushed up yields and drew traders away from equities* | America’s credit downgrade earlier in the week sparked a selloff in bonds and stocks, arresting markets’ summer climb and growing confidence that the country can get inflation under control while escaping a recession.All three major indexes dropped Friday to finish the week in the red, with losses spanning big banks, big tech and major automakers. The Dow Jones Industrial Average fell by 1.1% this week, while the tech-heavy Nasdaq dropped 2.9% and the S&P 500 fell 2.3%. | The Wall Street Journal | 08/05-06/2023 | David Uberti |
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| Slower Hiring Offers the Fed Wiggle Room | Employers slowed their hiring this summer, adding to signs the economy is gradually cooling and easing pressure for the Federal Reserve to raise interest rates at its next meeting.The unemployment rate fell to 3.5% last month from 3.6% in June, remaining near a half-century low. Wages continued to rise briskly, with average hourly earnings growing 4.4% in July from a year earlier…“The job market is still on a slow but steady path towards a soft landing,” Glassdoor’s lead economist Daniel Zhao said, referring to the outcome where inflation returns to the Fed’s 2% target without a recession and deep job losses. | The Wall Street Journal | 08/05-06/2023 | Gabriel T. Rubin and Nick Timiraos |
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| Investors Bet Rates Will Stay Elevated for Years | The yield on the benchmark 10-yeaer U.S. Treasury note has surged close to its highest level in more than a decade, lifted by new bets that a strong economy could support years of higher interest rates.The 10-year yield settled Friday at 4.060%...The recent climb in longer-term Treasury yields – which play a role in determining the cost of everything from mortgages to stocks – comes even as yields on shorter-term bonds have stalled. That is a sign investors think cooling inflation and resilient economic growth will allow the Federal Reserve to stop raising rates, then leave them unchanged at least until the end of the year. The yield on the two-year Treasury note closed Friday at 4.791%, down from 4.895% a week earlier. | The Wall Street Journal | 08/07/2023 | Sam Goldfarb and Matt Grossman |
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| Quarterly Earnings Expected to Be Worst in Years | The members of the S&P 500 are on pace to collectively report a 5.2% decline in earnings, their worst performance since 2020.Energy companies are pulling down the index as their results have fallen from the record-breaking levels reported a year ago. However, they remain strong by historical standards. | The Wall Street Journal | 08/07/2023 | Peter Santilli and George Stahl |
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| Stocks Fall on Weak China Data, UPS Outlook, Banks | Weak Chinese export data, a dimmer financial outlook from United Parcel Service and a credit downgrade for 10 smaller U.S. banks sent stock indexes down on Tuesday.The S&P 500 lost 0.4% and the Dow Jones Industrial Average declined about 0.5% or 159 points. The Nasdaq composite lost 0.8%. The declines mostly negated Monday’s blue-chip-driven gains and resumed the slide stocks have been on since the start of August.Government bond prices climbed, pushing yields down. The benchmark 10-year U.S. Treasury yield dipped below 4% but ended at 4.024%, down from 4.076% Monday.Financial shares were stung when Moody’s lowered credit ratings for smaller U.S. banks and said it was reviewing ratings for six larger ones, including Bank of New York Mellon and U.S. Bancorp. The move renewed concerns over tighter lending and the banking system’s ability to withstand sharply higher interest rates.  | The Wall Street Journal | 08/09/2023 | Ryan Dezember  |
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| China’s Exports See Steep Slide*Decline, worst since early in pandemic, reflects fraying trade ties with the West* | Worsening geopolitical tensions between Beijing and the U.S. -led West have prompted some Western manufacturers to reduce their reliance on China’s supply chain, which in turn is expected to erode trade ties between the two sides.Overseas shipments from China slumped 14.5% in July from a year earlier… | The Wall Street Journal | 08/09/2023 | Stella Yifan Xie |
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| Regional Banks Get Downgrade And Stocks Edge Down | Moody’s Investors Service downgraded 10 regional banks, sending bank shares down and renewing concerns about the health of the sector amid higher interest rates and recent failures.The reaction suggests the sector remains vulnerable to the problems that stirred a panic this spring after the failures of several midsize lenders: devalued bonds, jittery investors, deposit withdrawals and higher costs.  | The Wall Street Journal | 08/09/2023 | Gina Heeb and Josh Mitchell |
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| Hedge Funds Suffer A Painful Drubbing As Short Sales Sour | The cumulative dollar amount of short covering by hedge funds in June and July combined was the largest over a two-month period since 2016.Short sellers borrow shares and then sell them, aiming to buy them back at a lower price later and pocket the difference.The vast majority of U.S. short selling is done by hedge funds, which seek to generate positive returns no matter the direction of stock indexes.The heavy short covering is providing yet another tailwind for stocks, which have rallied this summer on optimism that a strong economy can withstand higher interest rates.  | The Wall Street Journal | 08/09/2023 | Jack Pitcher |
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| Bond Market Signals More Bank Problems | On Monday, rating firm Moody’s Investors Service took action on 27 banks, including down-grading the credit ratings of 10 and putting others under review or giving their ratings a negative outlook. Credit ratings are very important for banks, which fund themselves partly with deposits, but also by selling bonds.Many of the reasons for the actions will be familiar: rising deposit costs and risks to commercial property and construction loans posed by the shift to remote work.But the ratings moves are a reminder that many of the core issues revealed by the crisis this year – such as the risks posed by higher interest rates – are only beginning to be addressed. | The Wall Street Journal | 08/10/2023 | Telis Demos |
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| U.S. Downgrade Flashes Warning Sign | Fitch Ratings’ move to strip the U.S. of its triple-A credit rating last week was widely dismissed as meaningless. After all, Standard & Poor’s had done the same back in 2011, and bond yields declined – implying more, not less, appetite for Treasury debt.This time, though, bond yields rose. That suggests fitch’s action deserves our attention, not because it tells us anything new but because it joins the stack of evidence of how profoundly different, and risky, the nation’s fiscal situation is now.The risk, rather, is of deficits and interest rates feeding ack on each other at growing cost to both economic growth and taxpayers.Of course, more than government borrowing is putting upward pressure on bond yields.One reason for fitch’s downgrade was the absence of any political will to deal with the main drivers of the deficit. | The Wall Street Journal | 08/10/2023 | Greg Ip |
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| China’s Deflation Deepens Global Risks | China’s consumer prices tipped into deflationary territory in July for the first time in two years, as a deepening economic malaise in the world’s second-largest economy enters a potentially dangerous new phase.A drop in exports is accelerating, youth unemployment has hit record highs and the housing market is mired in a protracted downturn.Now, the country is suffering an unusual bout of falling prices on a range of goods, from commodities such as steel and coal to daily essentials and consumer products such as vegetables and home appliances. It is the opposite of what happened in most of the rest of the world when Covid-19 restrictions eased, with many countries still trying to tame inflation. | The Wall Street Journal | 08/10/2023 | Stella Yifan Xie |
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| What’s News | ♦ China has at least a 70% dependence on the U.S. and its allies for more than 400 items, ranging from luxury goods to raw materials needed for Chinese industries, a new analysis of trade data found. | The Wall Street Journal | 08/10/2023 |  |
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| Inflation Eases, Fueling Hope on Fed Rates | Price pressures continued cooling last month, inflation figures showed Thursday, likely deterring the Federal Reserve from raising interest rates at its September meeting.The consumer-price index, a measure of goods and services prices across the economy, rose a mild 0.2% in July, the same as in Juen, the Labor Department said.The figures led to 3.2% annual inflation in July, up from 3% in June. Annual core inflation ticked down to 4.7% in July from June’s 4.8%. | The Wall Street Journal | 08/11/2023 | Amara Omeokwe, Nick Timiraos and Christian Robles |
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| Stock Market’s Summer Rally Cools Off*S&P 500 falls for a second week in a row amid conflicting data on inflation data* | Treasury yields rose Friday, with the yield on the benchmark 10-year bond hitting 4.166%, from 4.081%.Later in the morning, the University of Michigan’s August gauge of consumer sentiment inched down from a nearly two-year high,…For markets that have priced in a soft-landing scenario where the Federal Reserve curbs inflation without starting a recession, every inflation data point is critical. “After a dominant start to the year, technology has lost momentum,” Rob Anderson, an analyst at Ned David Research, wrote in a research note Friday. “Mega-cap weakness and valuations have the sector on a short leash.”Oil prices rose, with Brent crude up 0.5% to $86.81 a barrel. | The Wall Street Journal | 08/12-13/2023 | Jack Pitcher |
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| Stock Rally Stalls Despite Strong Earnings Season*Companies beating estimates aren’t getting much reward from market* | Of the roughly 90% of companies in the S&P 500 that have reported results, 79% topped analyst estimates…Yet investors aren’t rewarding positive earnings surprises.The lackluster response to earnings has contributed to the pause in this year’s stock-market rally. The S&P 500 has dropped 2.7% in August…Stocks have stormed higher this year even as the biggest companies in the U.S. are logging a third consecutive quarter of declining profits. | The Wall Street Journal | 08/14/2023 | Hannah Miao |
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| Ten-Year Treasury Yield Hits Highest Since ‘08*Slide in price of U.S. government debt adds to pressure on borrowing costs* | The yield on the 10-year U.S. Treasury note hit a 15-year high Wednesday, threatening steeper costs for many borrowers and raising concern on Wall Street about the potential fallout in the stock, bond and housing markets.A key benchmark for interest rates across the economy, the 10-year yield settled at 4.258%, according to Tradeweb. That was up from 4.220% Tuesday and marked its highest close since June 2008, months before the collapse of Lehman Brothers and expansive Federal Reserve policy ushered in more than a decade of historically low bond yields.The rise in yields is making investors nervous because past surges have at times proved destabilizing for markets. | The Wall Street Journal | 08/14/2023 | Sam Goldfarb  |
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| What’s News | ♦ China’s latest property crisis is threatening to spill over into the broader economy, worrying investors and causing a broad market selloff. | The Wall Street Journal | 08/15/2023 |  |
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| China’s Downturn Hits U.S. Industries | Companies embedded in China’s ailing manufacturing, construction and export industries are reporting weaker sales. In some cases, they are warning of further trouble to come as growth grinds to a near halt and economic readings are dour.The slowdown is registering in earnings results across a range of companies, from chemical giants DePont and Dow to heavy-equipment suppliers such as Caterpillar.“China orders were down 20% in the first quarter, 40% in the second quarter, but really, 50% in June,” said Rainer Blair, chief executive officer at Washing ton, D.C.-based Danaher… | The Wall Street Journal | 08/15/2023 | Dan Strumpf |
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| Spike in Treasury Yields Hits U.S. Stocks | Tuesday’s declines were broadly based, with all of the S&P 500’s 11 sectors falling. The index is still up more than 15% in 2023.Yields spiked after fresh data showed strong consumer spending continues to power U.S. economic growth, with retail sales jumping 0.7% in July, beating economists’ forecasts.The yield on the 10-year Treasury note rose as high as 4.264% in early trading, marking one of its highest levels since 2008.Some investors said attractive yields in Treasurys and other ultrasafe assets have complicated the math for investing in stocks, leading investors to park their cash elsewhere.  | The Wall Street Journal | 08/16/2023 | Gunjan Banerji |
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| China Struggles to Halt Economic Slide | China’s economy is staggering under challenges, including a drawn-out real-estate crunch, worsening relations with the U.S.-led West and difficulties in nurturing a consumer-led expansion while the usual growth engines of investment and exports misfire.Gauges of consumer spending, industrial production and public and private investment in China missed expectations by a wide margin in July…More than one fifth-21.3%-of China’s 16-to 24-year-olds in urban areas were out of work in June…Tuesday’s batch of data revealed an economy struggling across the board.Some economists worry that without more-forceful action to turn the economy around, China risks falling into a downward spiral of weakening growth as sagging business and household confidence reinforce declines in spending, hiring and investment. | The Wall Street Journal | 08/16/2023 | Jason Douglas and Stella Yifan Xie |
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| What’s News | ♦ Americans boosted their retail spending last month at the fastest pace since the start of the year, as consumers continue to bolster the resilient U.S. economy. | The Wall Street Journal | 08/16/2023 |  |
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| China Faces Dilemma on Economy, Yuan | China’s central bank wants to boost the country’s sluggish economy while keeping its currency stable. That is proving a difficult juggling act.The lowering of interest rates is designed to give the economy a boost, but it is also putting pressure on the currency. The country’s housing market is in a yearslong slump…China’s exports are shrinking, and consumer prices recently slipped into deflationary territory.Data for youth unemployment, which hit a record high of 21.3% in June, will no longer be published.Interest rates are a key driver of currency values, since foreign investors tend to move their money into countries where they can get the highest returns. | The Wall Street Journal | 08/17/2023 | Francis Yoon and Weilun Soon |
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| What Investors Need to Worry About Is the Bond Market’s Return to Normality | This week, the market’s best guess at the real, after-inflation, cost of money-the yield on 10-year Treasury inflation-protected securities, or TIPS-hit 1.89%, the highest since 2009 and back well within the range of what once counted as normal for the economy. America has put the era of low rates behind it. Can it cope?There was a time when the rule of thumb was that 10-year Treasury yields should be around 4%, made up of the 2% inflation target plus real yields of 2%, roughly reflecting economic growth.That time seems to be back, more or less, with investors pricing bonds for an inflation rate of about 2.4% over the next 10 years… | The Wall Street Journal | 08/17/2023 | James Mackintosh |
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| What’s News | ♦ Most Fed officials backed an increase in interest rates last month but some saw rising risks that they might raise rates too high, underscoring growing caution about further increases, minutes show. | The Wall Street Journal | 08/17/2023 |  |
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| Stocks Slip as bond Yields Surge*Strong labor-market report raises possibility of further Fed Tightening* | The 10-year Treasury yield rose to 4.307% from 4.258% on Wednesday, settling at its highest closing level since 2007.The strength of thee U.S. economy and strong inflation expectations have driven yields up.Federal Reserve officials still see inflation risks and the potential need for higher interest rates, according to meeting minutes released this week.Stocks fell, extending August declines spurred in part by higher yields.Rising yields tend to hurt stock prices by raising the borrowing costs of companies and making equity returns look less attractive. | The Wall Street Journal | 08/18/2023 | Jack Pitcher |
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| Mortgage Rates Now Highest In Over 20 Years | The average mortgage rate rose to 7.09%, its highest level in more than 20 years, according to data released Thursday by mortgage giant Freddie Mac.A year ago, rates were around 5%.The resulting slowdown in refinancing and purchase activity has battered some mortgage lenders…Some analysts see amply room for the 10-year yield to keep climbing as markets brace for the possibility that rates aren’t going to decline any time soon. | The Wall Street Journal | 08/18/2023 | Ben Eisen and Gina Heeb |
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| U.S. Shares Deepen Their August Slump | Major U.S. stock indexes shed more than 2% this week, deepening their August slump, while Treasury yields touched their highest levels in years.Every segment of the S&P 500 ended the week lower.…said Eric Kelley, interim chief investment officer at UMB Financial…Bond yields, on the other hand, may have room yet to rise, he said, reasoning that they tend to peak just before the Federal Reserve reaches the end of rate-hike cycles.Kelley said UMB analysts have concluded that 10-year Treasury yields greater than 4.75% pose a threat to stocks.The 10-year Treasury yield declined to 4.251%, from 4.30%...Mountains of money moving out of stocks and into bonds is one way that investors expect higher interest rates to eventually end the rally in stocks that has sent the S&P 500 14% higher this year and the Nasdaq up 27%. | The Wall Street Journal | 08/19-20/2023 | Ryan Dezember |
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| China’s 40-Year Boom Is Over, Raising Fears of Extended Slump | For decades, China powered its economy by investing in factories, skyscrapers and roads. The model sparked an extraordinary period of growth that lifted China out of poverty and turned it into a global giant whose export prowess washed across the globe.Now the model is broken.What worked when China was playing catch-up makes less sense now that the country is drowning in debt and running out of things to build.Economists now believe China is entering an era of much slower growth, made worse by unfavorable demographics and a widening divide with the U.S. and its allies, which is jeopardizing foreign investment and trade. Rather than just a period of economic weakness, this could be the dimming of a long era.What will the future look like? The International Monetary Fund puts China’s GDP growth at below 4% I the coming years, less than half of its tally for most of the past four decades. And Beijing still has levers to pull to stimulate growth if it chooses, such as by expanding fiscal spending.Even so, economists widely believe that China has entered a more challenging period, in which previous methods of boosting growth yield diminishing returns.  | The Wall Street Journal | 08/21/2023 | Lingling Wei and Stella Yifan Xie |
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| Tech Stocks Spark Rally Despite Rise in Bond Yields | A good day for tech shares helped support stock indexes even while Treasury yields climbed to new decade-plus highs.The yield on the benchmark 10-year U.S. Treasury note settled at 4.339%...As has been the case all month, the rise in yields appeared to be driven by optimism about the economic outlook, which has caused investors to scale back bets on future Federal Reserve interest-rate cuts.Higher yields reflect falling bond prices and can weigh on stocks by forcing them to compete with an alternative in Treasurys that are essentially risk-free if held to maturity. | The Wall Street Journal | 08/22/2023 | Sam Goldfarb  |
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| Companies Cut Pay for New Hires As Shortage of Workers Eases | Now, as the job market cools and businesses become more cautious in their hiring, many companies are paying new recruits less than hey did just months ago-in some cases, much less.Some of the steepest drops have been in technology, transportation and other sectors that experienced frenzied hiring sprees in 2021 and early 2022. | The Wall Street Journal | 08/22/2023 | Te-Ping Chen |
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| S&P 500 Slips on Worries About consumer Spending | Stocks edged lower after disappointing earnings reports from retailers cast doubt on the strength of the consumer.The cautionary signals landed on a market focused on two events later this week: Wednesday’s quarterly report from Nvidia, which could test investors’ faith in the artificial-intelligence trade…Investors said the pullback by consumers could have repercussions beyond the retailers’ results. | The Wall Street Journal | 08/23/2023 | Karen Langley |
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| How Hard Should the Fed Squeeze?*Strategy adopted to get inflation down to 2% could have painful economic impact* | Much of the work lowering inflation is done: Amid the most aggressive series of interest rate increases in four decades, it has fallen to 3.2% from 9.1%.This good news presents the Federal Reserve with a new thorny questions. How aggressive should it be in squeezing out what’s left?Officially, the Fed’ target for inflation is 2%. | The Wall Street Journal | 08/23/2023 | Nick Timiraos |
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| What’s News | ♦ Home sales declined in July for the fourth time in five months, extending one of the deepest housing-market slumps in recent memory.  | The Wall Street Journal | 08/23/2023 |  |
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| Dick’s, Macy’s Warn on consumer Outlook | The readouts from Dick’s and Macy’s illustrate the economic challenges that persist among sellers of consumer goods. Spending on items such as apparel, electronics and sporting goods surged early in the pandemic but slowed significantly starting last year, causing whiplash among retailers that bet on buying patterns continuing at higher levels.  | The Wall Street Journal | 08/23/2023 | Sarah Nassauer and Suzanne Kapner  |
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| Recession Fears Overblown, Bullard Says | James Bullard, who was the longest tenured of the 12 regional Federal Reserve Bank presidents when he stepped down last month, thinks the U.S. economy faces new risks of stronger growth that could require higher interest rates to keep up the fight against inflation in the months ahead.Bullard: There were a lot of heavy predictions of recession. I think those were just overblown.Bullard: The faster growth is a bit of a threat because the forecast was that you’d have very weak growth or even a recession, and now that doesn’t really look like it is materializing. So you’d have to upgrade your outlook for inflation probably based on that alone. You still have a very tight labor market, and now you have a reacceleration in the U.S. economy. The risks are tilting a little bit more toward the idea that inflation won’t fall as fast as anticipated. | The Wall Street Journal | 08/24/2023 | Nick Timiraos |
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| Mortgage Rates Hit 7.23%, Highest since ‘01*Applications fall to lowest levels since 1995 as home market continues to sputter* | The new high is a turnabout from two years earlier, when borrowing rates were below 3%, near record lows.Mortgage rates tend to loosely follow the yield on the benchmark 10-year Treasury note, which also hit multiyear highs this summer. But mortgage rates have risen far more than government bond yields recently.They had been about 1.75 percentage points higher than the going Treasury yield on average over the past half-century, but in the past year they have been almost 3 percentage points higher, according to Urban Institute data.That comes at a price, though. Investors want to earn more for taking on the risk of buying mortgages compared with supersafe Treasurys. Lenders also have to cover their own costs of making the loan.Still, if the gap between Treasury yields and mortgage rates were to shrink back to its historical level, that could provide a substantial drop in rates that brings out purchasers and people needing to refinance. Mortgage companies are hopeful that could drum up business. | The Wall Street Journal | 08/25/2023 | Ben Eisen and Gina Heeb  |
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| Stock Rise to Cap a Bumpy Week | Some investors said the choppy trading was likely because of lower summer trading volumes…The sharp rise in stocks helped the three major indexes temper losses from earlier this week, with only the Dow e ending the week lower. Investors have worried that elevated interest rates were starting to weigh on consumer spending, a driver of the economy…The Fed is trying to thread the needle between slowing hiring, investment and spending to bring down inflation further without providing so much restraint as to create a needlessly severe economic slowdown.The benchmark 2-yer Treasury note ticked up to 5.054% from 5.016% Thursday. | The Wall Street Journal | 08/26-27/2023 | Caitlin Ostroff |
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| Powell Says Fed To Move Carefully On Rates | Powell twice said the Fed would “proceed carefully” in any further move, signaling he saw little urgency to raise rates at the central ban’s next policy meeting in September.But Powell noted recent signs the economy might not be slowing as officials expect. In June, most officials thought they would raise rates to a range between 5.5% and 5.75% this year, implying one more quarter-point increase later this year.Core prices, which exclude volatile food and energy categories, increased just 0.2% in both June and July, extending a broader slowdown in price pressures. | The Wall Street Journal | 08/26-27/2023 | Nick Timiraos |
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| Nvidia Fuels Hope For Stock Investors | U.S. stock markets surged after Nvidia reported results in May, and it seemed a repeat performance was in store after the release of second-quarter earnings that topped expectations.But the tech-heavy index sold off 1.9% on Thursday, and Nvidia closed just 0.1% higher, extending an unsteady August for stocks after a 2023 technology rally that has surprised many investors with its vigor. Nvidia shares fell 2.4% on Friday, while the Nasdaq advanced 0.9%.The soft patch could just be a pause in the market advance, but it has reanimated arguments widely heard last year about the difficulties stocks often have during times of rising long-term interest rates and extended valuations. | The Wall Street Journal | 08/26-27/2023 | Charley Grant |
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| Fed Is Likely Done Despite Powell’s Words*The central bank’s chief left its options open, in part to prevent investors from asking when rate cuts will arrive* | Federal Reserve Chairman Jerome Powell isn’t taking a victory lap on the central bank’s efforts to cool the economy. He may still be done with rate increases.There were some hawkish-sounding aspects to what Powell said, including a pledge to raise rates further if necessary, and that appeared to spook investors at first, with stocks falling in early trading Friday. | The Wall Street Journal | 08/28/2023 | Justin Lahart |
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| What’s News | ♦ Investors are growing more concerned the 2023 stock rally will end after Powell suggested the Fed will likely keep rates high for the foreseeable future and as rising bond yields dent the attractiveness of equities. | The Wall Street Journal | 08/28/2023 |  |
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| What’s News | ♦ Germany continues to wrestle with stagnant industry and output as the IMF projects that the country will be the sole major economy to contract in 2023. | The Wall Street Journal | 08/29/2023 |  |
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| U.S. Stocks Advance for Second Straight Session | The gains were broad-based, with 10 of the S&P 500’s 11 sectors closing in positive territory.The S&P 500 hasn’t notched a one-day move of 2% in either direction in more than six months, the calmest stretch since 2018 and one of the longest of the past 25 years, according to research firm Asym 500.Shares of companies whose fortunes are most tied to the economy outperformed. The Russell 2000 index of smaller companies beat the S&P 500. Rising 0.8%.The outperformance shows how investors have increasingly ramped up bets that the domestic economy will keep humming along, despite higher interest rates.Investors cam away from Federal Reserve Chair Jerome Powell’s speech Friday expecting interest rates could stay higher for longer. | The Wall Street Journal | 08/29/2023 | Gunjan Banerji |
|  |  |  |  |  |
| What’s News | ♦ Employers reported fewer open jobs last month, adding to signs that the solid labor market is gradually cooling in a higher-interest-rate environment. | The Wall Street Journal | 08/30/2023 |  |
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| Rally Sends Major Stock Indexes Higher | U.S. stocks rose for a third consecutive session, cutting into major indexes’ August losses as shares from technology to industrials and financials advanced. | The Wall Street Journal | 08/31/2023 | Karen Langley |
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| How to Play the Property Meltdown | **♦ How much are values down already?**U.S. commercial-property prices fell 16% on average since their peaks in March 2022, according to real-estate research firm Green Street.Offices are the worst performers, having lost 31% of their value since the Federal Reserve first began raising interest rates.Apartments might be a better bet.Sellers are holding out for prices that are no longer realistic.The market will be sluggish until one side caves.The number of properties that slip into distress will be key. So far, there haven’t been many forced sales.Publicly traded real-estate stocks provide a live read of sentiment toward property markets. In the U.S., listed property companies currently trade at a 10% discount to gross asset values, based on Green Street data.At the end of June, REITs rose in value for three consecutive quarters and were 13% above their lowest point in the third quarter of last year. | The Wall Street Journal | 08/31/2023 | Carol Ryan |

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