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| **RESOURCE LOG – OCTOBER 2022** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
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| Three Ways You Can Cash In on Your Cash | Banks accounts have earned next to nothing for nearly a decade and a half – and still do. With the Federal Reserve jacking up interest rates, the national average yields on savings and money-market accounts at banks have doubled this year – to 0.14%, a level that Greg McBride, chief financial analyst at Bankrate.com, calls “mothering short of pathetic.”  Fortunately, raising the return on your cash is easier than ever. For most investors, the two best choices are money-market mutual funds and U.S. Treasury securities.  The Crane 100 index of the largest money-market funds yielded 2.64% this week, up from only 0.02% in February and 2.01% at the end of August.  Your brokerage firm may force you into its “cash sweep,” an account with an affiliated bank that is likely to pay much lower yields – a measly average of only 0.29% as of Sept. 23, according to Crane Data.  Sweep accounts are designed as a receptacle for the dividend and interest payments your socks or other investments throw off.  Inflation-protected savings bonds, called I bonds, are offering a 9.62% annual yield for the following six months to investors who buy before the end of October. The yield for new buyers will change on Nov. 1, depending on the latest update to the inflation rate in October.  You can’t buy more than $10,000 in electronic I Bonds per account per year, you must hold for a minimum of one year and you’ll forfeit three months’ interest if you redeem within five years.  The income on Treasurys is generally exempt from state and local taxes. | The Wall Street Journal | 10/01-02/2022 | Jason Zweig |
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| Markets Wrap Up A Wild Quarter In Retreat | The rout in markets deepened Friday to end a dismal third quarter in which hope faded that monetary tightening would soon ease, sending bond yields soaring and leaving U.S. stocks on track for their worst year since the 2008 financial crisis.  The intensifying declines alarmed investors who entered the quarter enjoying a summer rally that more than halved the S&P 500’s 2022 losses before fizzling.  U.S. stocks fell Friday, cementing their quarterly losses. The S&P 500 declined 54.85 points, or 1.5%, to 3585.62. The Dow Jones Industrial Average dropped 500.10 points, or 1.7% to 28725.51. The tech-heavy Nasdaq composite retreated 161.89 points, or 1.5%, to 10575.62.  …U.S. Treasury note climbed above 4% for the first time in more than a decade, while the dollar strengthened to a decadeslong high against other currencies.  Consumer spending in the U.S. rose in August as did the Fed’s preferred measure of inflation. IN the eurozone, the annual rate of inflation in September hit 10%, the highest level since records began in 1997.  An MSCI index of worldwide stocks outside the U.S. declined 11% during the quarter, bringing its year-to-date losses to 28%.  Debt markets are under stress: The Bank of England this week launched an emergency intervention to restore order in bond markets after a sparked wild swings on both sides of the Atlantic.  Shares of the iShares Core U.S. Aggregate Bond exchange-traded fund, which tracks investment-’grade bonds, lost 5.3% during the quarter and are down 16% in 2022, on pace for their worst year in data going back to 2004. | The Wall Street Journal | 10/01-02/2022 | Karen Langley |
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| Fed Will Maintain Restrictive Policy, Brainard Says | Fed Vice Chairwoman Lael Brainard also warned Friday that additional unforeseen developments could drive prices higher, extending a pattern where inflation accelerates despite forecasts that it has peaked.  “Monetary policy will need to be restrictive for some time to have confidence that inflation is moving back to target,” she said. “for these reasons, we are committed to avoiding pulling back prematurely.” | The Wall Street Journal | 10/01-02/2022 | Nick Timiraos |
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| What’s News | ♦ The eurozone’s annual rate of inflation hit double digits in September amid the currency area’s energy woes. | The Wall Street Journal | 10/01-02/2022 |  |
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| What’s News | ♦ Chinese economic activity remained feeble in September, with the services sector slipping into contraction. | The Wall Street Journal | 10/01-02/2022 |  |
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| Stocks End Losing Week With ‘No Place to Hide’ | Major indexes have sustained deep losses this year as the Federal Reserve raises interest rates in an attempt to tame rising prices. The S&P 500, Dow Jones Industrial Average and Nasdaq composite on Friday all recorded their worst first nine months of a calendar year since 2002, according to Dow Jones Market Data.  The Dow Jones Industrial Average on Monday fell into a bear market, a decline of 20% or more from a recent high.  The S&P 500 fell 54.85 points, or 1.5%, to 3585.62. The Dow Jones Industrial Average dropped 500.10 points, or 1.7%, to 28725.51. The Nasdaq composite declined 161.89 points, or 1.5%, to 10575.62.  All three indexes ended at their lowest closing levels since 2020. The Dow Jones Industrial Average is down 21% in 2022, the S&P 500 is off 25% and the tech-heavy Nasdaq composite has slumped 32%.  All three indexes fell for a third consecutive quarter. For the S&P 500 and Nasdaq, it was the longest quarterly losing streak since streaks ending in March 2009… | The Wall Street Journal | 10/01-02/2022 | Karen Langley and Chelsey Dulaney |
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| Oil Prices Plunged In Quarter | Brent crude, the global oil benchmark, declined 23% in the third quarter, falling to a recent $87.96 a barrel.  That puts oil prices at a level more in line with where they were before Russia invaded Ukraine, a development that shocked energy markets and continues to loom over large around the globe.  In some ways, the decline is counterintuitive. Supply remains tight. Energy companies still haven’t boosted production, and many buyers are still shunning Russian barrels. | The Wall Street Journal | 10/01-02/2022 | Hardika Singh and Hannah Miao |
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| OPEC+ To Weigh A Sharp Cut in Oil Output | OPEC+ is set to consider Wednesday its most drastic reduction of production since the pandemic in order to help prop up falling oil prices, a move that could put pressure on global economic growth.  The Organization of the Petroleum Exporting Countries and Moscow-led allies, collectively known as OPEC+, is considering a cut of more than 1 million barrels a day, delegates in the group said.  Concerns about a slowing global economy have dragged oil prices down at their fastest pace since the Covid-19 outbreak began in early 2020…  Oil prices had shot up over $100 a barrel and stayed t here for months, but Brent crude, the global oil benchmark, is now down 23% this quarter, falling to $87.96 a barrel last week, and its swiftest decline since 2020. | The Wall Street Journal | 10/03/2022 | Benoit Faucon and summer Said |
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| What’s News | ♦ Despite some sings of easing inflation, underlying price pressures have too much momentum and will likely require a period of higher interest rates, New York Fed chief Williams said. | The Wall Street Journal | 10/04/2022 |  |
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| Stocks Post Strong Start to Quarter | The Dow Jones Industrial Average climbed 765.38 points, or 2.7%, to 29490.89. The S&P 500 added 92.81 points, or 2.6%, to 3678.43 and the Nasdaq composite rose 239.82 points, or 2.3%, to 10815.43. Both the S&P and Nasdaq notched their best first day of any quarter since 2009, according to Dow Jones Market Data.  The broad-based gains came after stocks closed out a losing week, month and quarter on Friday, when all three indexes closed at their lowest levels of the year.  The Dow last week fell into a bear market, a decline of 20% or more from a recent high.  “I believe the market will end the year higher than where we are today,” said Andrew Slimmon, U.S. equity portfolio manager at Morgan Stanley Investment Management.  Corporate earnings have been positive but expectations for earnings have been low, which makes for a very good setup for stocks, Mr. Slimmon said. | The Wall Street Journal | 10/04/2022 | Vicky Ge Huang and Caitlin Ostroff |
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| Blue Chips Log Best Two-Day Gain Since April 2020 | U.S. stocks jumped again on Tuesday, extending a strong start to the fourth quarter and giving relief to investors after weeks of punishing losses.  The Dow Jones Industrial Average advanced 825.43 points, or 2.8%, to close at 30316.32. Combined with Monday’s rally, it was the best two-day performance for the blue-chip index since April 2020, early in the pandemic.  The S&P 500 surged 112.509, or 3.1%, to 3790.93, its best day in more than four months. The technology-heavy Nasdaq Composite climbed 360.97, or 3.3%, to 11176.41. The gains were broad-based, spanning different sectors, and encouraged market optimists hoping for a more enduring recovery. | The Wall Street Journal | 10/05/2022 | Alexander Osipovich and Will Horner |
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| Dollar Hits Tech Stocks | Technology stocks are having their worst year in recent memory. Upheaval in the currencies market might make the rout even worse.  Large technology companies generate 58% of their revenue outside of the U.S. – the highest share of the S&P 500’s 11 groups, according to FactSet. That makes them particularly vulnerable to fallout from the surging dollar. When the dollar strengthens, sales that companies earn in nondollar currencies are worth less. That in turn can shave millions of dollars off company earnings. | The Wall Street Journal | 10/05/2022 | Akane Otani |
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| What’s News | ♦ World trade in goods is projected to slow sharply next year amid high energy prices, rising interest rates and war-related disruptions, raising the risk of a global recession, the WTO said. | The Wall Street Journal | 10/06/2022 |  |
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| OPEC, Allies Slash Output Of Crude  *Cut of 2 million barrels a day is expected to boost prices, aid Russia in Ukraine war* | The Organization of the Petroleum Exporting Countries and its Russia-led allies agreed on Wednesday to slash output by 2 million barrels of oil a day, delegates said, a move likely to push up already-high global energy prices and help oil-exporting Russia pay for its war in Ukraine. | The Wall Street Journal | 10/06/2022 | Benoit Faucon and Summer Said |
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| Fast-Rising Rates Stress Markets  *Turmoil in Britain exposes potential risks in pensions and government bond markets* | The Federal Reserve and other central banks are raising interest rates to beat back inflation by slowing economic growth. The risk, in addition to losses in wealth and household savings, is that increases can cause disruptions in lending, which swelled when rates were low.  Major U.S. stock markets recorded their worst first nine months of a calendar year since 2002, before rallying this week. | The Wall Street Journal | 10/06/2022 | Jon Hilsenrath, Sam Goldfarb and Chelsey Dulaney |
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| U.S. Plots Response To OPEC After Cut In Output | OPEC’s decision to slash oil production has Washington considering responses that could include measures aimed at breaking the cartel’s hold on markets or limiting U.S. oil exports should shortages emerge.  Mr. Biden and lawmakers have decried the decision, raising the prospect of retaliatory action against OPEC and Saudi Arabia, its largest producer.  The OPEC production cut threatens to accelerate an overhaul of U.S. -Saudi relations that began to take shape with the rise of King Salman’s son, Mohammed bin Salman, to crown prince in 2017. | The Wall Street Journal | 10/07/2022 | Timothy Puko and Benoit Morenne |
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| Stocks Drop After Jobless Data | Stocks stumbled again after a red-hot start to the week.  The S&P 500 fell 1%, or 38.76 points, to 3744.52. The Dow Jones Industrial Average declined 1.1%, or 346.93 points, to 29926.94. The tech-focused Nasdaq Composite slipped 0.7%, or 75.33 points, to 11073.31.  The S&P 500 had soared a combined 5.7% on Monday and Tuesday – its best-two-day percentage gain since April 2020.  But Wednesday’s performance, when all three indexes finished lower, served as a reminder that rallies in 2022 are often fleeting.  …Florian Ielpo, head of macro at Lombard Odier Investment Managers. “The message for us is very simple: The slowdown is happening. It’s likely to be a recession. And equities need to start showing a better pricing of recession risk.”  “I think it’s very hard to be optimistic for the quarter to come,” he said, adding that he believes that a slowdown in earnings is “barely priced in by the markets.”  The yield on 10-year U.S. Treasurys rose to 3.825%, from 3.575% Wednesday. The two-year yield, which is more sensitive to near-term rate expectations, rose to 4.247%. | The Wall Street Journal | 10/07/2022 | Caitlin McCabe and Justin Baer |
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| Conagra Predicts Relief on Food Costs | Conagra Brands, Inc. expects the soaring transportation and raw-material costs that have helped drive up food prices over the past year will moderate in the coming months, company officials said. | The Wall Street Journal | 10/07/2022 | Patrick Thomas and Dean Seal |
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| Memory-Chip Demand Dries Up | The pandemic boom in memory chips is on pause.  Memory chip prices began falling at the end of last year. Compared with other types of semiconductors, memory has a higher number of competing manufacturers, and the chips themselves are less differentiated from one another, making them more commoditized and sensitive to shifts in demand, said Avril Wu, a TrendForce research director who focuses on the memory market. | The Wall Street Journal | 10/08-09/2022 | Jiyoung Sohn and Asa Fitch |
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| Fed Stays On Track for Large Rate Hike | The solid September employment report will keep the Federal Reserve on track to approve another large interest-rate increase at its meeting next month as officials seek to lift borrowing costs high enough to soften the labor market and ease inflation pressures.  The unemployment rate dropped to 3.5% last month from 3.7% in August.  But they are concerned now that tight U.S. labor markets could sustain higher prices in the years to come, even if energy prices decline and prices fall for goods such as used cars that soared over the past year.  The Fed lifted rates by 0.75 percentage point at each of its past three meetings, bringing its benchmark federal-funds rate to a range between 3% and 3.25% last month-the most rapid pace of increases since the 1980s. Officials have indicated they are prepared to make a fourth increase of 0.75 point at their Nov. 1-2 meeting. | The Wall Street Journal | 10/08-09/2022 | Nick Timiraos |
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| What’s News | ♦ The U.S. labor market lost some momentum in September but remained strong, fueling investor concerns that the Fed will remain on track to approve another large interest-rate increase at its meeting next month. | The Wall Street Journal | 10/08-09/2022 |  |
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| What’s News | ♦ U.S. stocks slid, capping a roller-coaster week. The S&P 500, Nasdaq and Dow lost 2.8%,3.8% and 2.1%, respectively. U.S. government-bond yields rose. | The Wall Street Journal | 10/08-09/2022 |  |
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| Yields Climb as Data Stoke Rate Worries  *Jobs report suggested the economy isn’t cooling as fast as Fed policy makers hope* | Traders read the new data as a warning that the Federal Reserve has little leeway yet to back away from its plan to keep raising interest rates as it aims to cool the economy to control inflation. Bond prices dropped pushing up yields, which move inversely.  The 10-year Treasury yield climbed to 3.883%, from 3.823% on Thursday, according to Tradeweb, capping a 10th straight week of gains. The two-year yield rose to 4.306%, from 4.247% a day earlier.  At 8.3% over the 12 months through August, the consumer-price index is still rising at near its fastest annual rate since the early 1980s.  Traders now think that the odds of a 0.8=75-percentage-point interest -rate hike at the Fed’s next meeting in November are four in five, according to CME Group’s tracker.  The unemployment data “were another example that good news is bad news,” Stan Shipley, an economist at Evercore ISI, wrote in a note to clients. | The Wall Street Journal | 10/08-09/2022 | Matt Grossman |
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| Dollar Imperils Rebound in Manufacturing | The strengthening dollar threatens to undermine a rebound in American manufacturing, handing foreign producers an advantage in selling into the U.S. executives and economists said.  The dollar’s surging value relative to the euro, the Japanese yen, the British pound and other currencies is making foreign-made goods cheaper to import, while exports of U.S.-made goods grow more expensive for foreign buyers. For U.S. manufacturers operating overseas factories, their sales in foreign currencies are worth less in dollars now because of the unfavorable exchange rates caused by the strengthening dollar.  Mr. Greenblatt said his European rivals are being held back by soaring energy costs and recession concerns but have pricing power with their imports because of the strengthening dollar.  Since the onset of the pandemic, unreliable overseas supply chains and sky-high costs for shipping caused some U.S. companies to look for domestic alternatives.  The dollar’s rise stems from the roaring U.S. economy that followed Covid-19-related shutdowns in 2020 and the Federal Reserve’s efforts to drive down inflation. | The Wall Street Journal | 10/10/2022 | Bob Tita |
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| Portfolios Have Little Cushion From Turmoil | The monthly payrolls report showed a strong labor market, with unemployment matching a 53-year low. Stocks dripped, as did bond prices, with bond yields up. Such is the world of high inflation – and it is creating serious problems for those trying to cushion their portfolios against severe loss.  The pattern of markets for the past two decades has reversed. Investors grew used to it, but it no longer works: Strong economic data meant better profits, so were good for stocks, but meant a little more inflation, so were bad for bonds, pushing up yields. | The Wall Street Journal | 10/10/2022 | James Mackintosh |
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| What’s News | ♦ Some economists fear the Fed, humbled after waiting too long to withdraw its support of a booming economy last year, is risking another blunder by potentially raising interest rates too much to combat high inflation. | The Wall Street Journal | 10/10/2022 |  |
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| What’s News | ♦ The strengthening dollar threatens to undermine a rebound in American manufacturing, handing foreign producers an advantage in selling into the U.S., executives and economists said. | The Wall Street Journal | 10/10/2022 |  |
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| Bank of England Struggles To Calm Markets | The U.K.’s central bank said Monday that it would increase the daily amounts it was willing to buy in long-dated bonds before ending the program…  The moves appeared to backfire, with yield on 30-year U.K. gilts, as government bonds are known, jumping to as high as 4.735%, from 4.38% on Friday.  The bank of England launched its initial foray into markets on Sept. 28 when it offered to buy as much as £5 billion, or around $5.55 billion, a day of long-dated government bonds. The program was aimed at helping pension funds that held large positions in derivative-based investments that were whipsawed by a furious selloff in U.K. government debt. | The Wall Street Journal | 10/11/2022 | Chelsey Dulaney, Paul Hannon and Julie Steinberg |
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| Costs Rise Faster Than Prices At Many Big U.S. Businesses | Many big U.S. businesses said they have been able to increase prices this year with limited pushback from customers. Not all the changes are leading to higher profits.  Prices are rising unevenly across the economy. Consumer prices rose 8.3% in August from a year earlier, while producer prices rose 8.7%, government data show.  Corporate profit margins – the difference between expenses and revenue – reached historically high levels in recent quarters, helped by strong consumer demand for a range of goods and services.  But as more companies prepare to report third-quarter results, there are sings that profits might be under pressure, at least relatively speaking. Excluding the volatile energy sector, analysts expect third-quarter earnings to decline 2.6% from the third quarter of 2020, Refinitiv said.  Higher prices added about 3.3 percentage points of gross margin, but higher commodity costs reduced that by about 2.4 percentage points. | The Wall Street Journal | 10/11/2022 | Theo Francis |
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| Stocks Fall As Nasdaq Hits Lowest Level Since July 2020 | Stocks fell Monday, driven lower by technology stocks – especially semiconductor makers – that sent the Nasdaq Composite to its lowest close in more than two years.  Shares of chip manufacturers suffered losses stemming from the Biden administration’s new restrictions imposed on semiconductor exports, aimed at hampering China’s military. The PHLX Semiconductor Sector dropped 3.5% to its lowest closing level since November 2020.  The Nasdaq composite fell 110.30 points, or 1%, to 10542.10. That is the lowest closing value for the tech-heavy Nasdaq since July 2020, according to Dow Jones Market Data.  Technology stocks represent about one-fourth of the S&P 500…  “Everyone is expecting a poor earnings season but quite a lot of that is already priced in. We’re expecting downgrades, guidance coming down. But that still doesn’t mean we can’t get negative surprise,” said Esty Dwek, chief investment officer at FlowBank  Oil prices slipped, with global crude benchmark Brent trading down 1.8% at $96.19 a barrel.. | The Wall Street Journal | 10/11/2022 | Anna Hirtenstein and Eric Wallerstein |
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| Ripples From U.K. Fiscal Crisis Slam Nasdaq, U.S. Junk Debt | Fallout from the U.K. financial meltdown hit Wall Street anew Tuesday, helping to push the Nasdaq into a bear market representing a 20% decline from a recent peak and adding to woes in U.S. debt markets.  The Dow industrials were up more than 400 points before Bank of England Gov. Andrew Bailey rattled investors on both sides of the Atlantic with remarks in Washington, D.C. He said the bank’s rescue plan for pension funds hit by interest-rate increases will end as scheduled Friday, raising the prospect of additional asset sales by U.K. funds forced to raise cash to meet margin calls. After the comments, the Dow ended up 36 points, or 0.12%, the Nasdaq dropped 116 points, or 1.1%, to 10426.19 and the S&P 500 fell 24 points, or 0.7%, to 3588.84. The S&P 500 and the Dow are already in bear markets. The U.K. pound dropped 0.8%.  The action extends tumult in markets as far flung as U.K. stocks and the trillion-dollar U.S. market for collateralized loan obligations.  Once a niche product, CLOs are now widely held by investors around the world, including the British pensions, insurers are funds that got caught by the recent crash in U.K. currency and government-bond markets.  Some U.S. investment funds rushed to snap up the bonds at what they considered incredible bargains.  CLOs are investment vehicles primarily run by alternative-asset managers like Blackstone Inc. and Carlyle Group Inc. The firms sell bonds and stocks to outside investors, then use the money to buy junk-rated corporate loans, which pay interest that is redistributed to holders of the CLO bonds and shares. Investors piled into CLOs over the past decade, sparking worry of excessive risk taking, but they held up I the 2020 market panic, making them even more popular.  CLO prices have dropped to their lowest levels since May of 2020… | The Wall Street Journal | 10/12/2022 | Matt Wirz |
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| IMF Sees Increased Financial Systems Risk | Global central banks’ moves to quickly raise interest rates have fueled increased risks to the financial system, the International Monetary Fund warned, while saying stability concerns bubbling up in the U.K. appear contained.  The Bank of England took steps to address recent turmoil in British bond and currency markets for the second straight day on Tuesday. “At this point, we don’t anticipate these actions being necessary in other countries,” Tobias Adrian, head of the IMF’s Monetary and Capital Markets Department, said Tuesday.  “There is a risk of a disorderly tightening in financial conditions,” the report said, warning that investors could continue to pull back from global markets “if inflationary pressures do not abate as quickly as currently anticipated or the economic slowdown intensifies.”  Central banks must act to keep inflationary pressures from becoming entrenched, the fund said in its report.  “Policy makers face an unusually challenging financial stability environment,” Mr. Adrian wrote. Risks to financial stability have substantially increased “amid the highly uncertain global environment.” | The Wall Street Journal | 10/12/2022 | Andrew Ackerman and Yuka Hayashi |
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| Core Inflation Revs to New High | U.S consumer inflation excluding energy and food accelerated to a new four-decade high in September, a sign that strong and broad price pressures are persisting.  The Labor Department said on Thursday that its so-called core consumer-price index – which excludes volatile energy and food prices – rose 6.6% in September from a year earlier, the biggest increase since August 1982. The measure increased 6.3% in August.  The overall CPI increased 8.2% in September from the same month a year earlier, pulled down by a drop in gasoline prices that was partially offset by higher food costs. | The Wall Street Journal | 10/14/2022 | Gwynn Guilford |
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| U.S. Stocks Surge In Sharp Reversal | The Dow industrials ended the day up 827.87 points, or 2.8%, at 30038.72, its largest one-day percentage gain since November 2020. The S&P 500 rose 92.88 points, or 2.6%, to 3669.91. The tech-heavy Nasdaq composite advanced 232.05 points, or 2..2%, to 10649.15. | The Wall Street Journal | 10/14/2022 | Karen Langley and Caitlin Ostroff |
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| Social Security Checks to Grow 8.7% | Social Security checks will be 8.7% bigger in 2023, the largest cost-of-living adjustment to benefits in four decades, the Social Security Administration said Thursday.  Next year’s COLA increase is likely to hasten the date of insolvency for the social Security trust fund, according to the nonprofit Committee for a Responsible Federal Budget, which predicts that insolvency will occur in 2034, a year earlier than it previously forecast. | The Wall Street Journal | 10/14/2022 | Anne Tergesen |
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| Mortgage Rates Hit 6.92%, Highest In Decades | The average 30-year fixed mortgage rate hit 6.92% this week…  The benchmark has climbed nearly 2 percentage points since August…  The latest climb has been particularly painful for the housing market, putting homeownership out of reach for many would-be buyers because of the added monthly cost of paying a mortgage at a higher rate. | The Wall Street Journal | 10/14/2022 | Ben Eisen |
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| BlackRock Seeks to Spark Joy of Bonds | Bond prices aren’t doing much to help investors or asset managers right now. But the longer-term appeal of fixed-income yields may be a saving grace for all.  Given the trends in inflation data, some investors might stay on the sidelines for a while longer. But at some point, when rate expectations stabilize, investors could decide to grab the yields available. Already, some individual investors have begun to gravitate toward vehicles such as Series I Treasury bonds, which are inflation-adjusted.  But it seems reasonable that a combination of overall higher levels of rates, some instinctive risk aversion after a wild couple of years and demographic changes like an aging population might lead to a broader reassessment of the role of bonds. | The Wall Street Journal | 10/14/2022 | Telis Demos |
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| Banking Giants Report Lower Profits  *JPMorgan, Citigroup, Wells Fargo boost loan-loss provisions amid recession fears* | Three of the nation’s largest banks reported double-digit profit drops on Friday-including a 25% decline at Citigroup Inc.-as they socked away hundreds of millions of dollars apiece to cover potential loan defaults amid uncertainty over a potential recession.  The banks sit smack in the middle of an uncertain economy. Inflation is near its highest level in decades… | The Wall Street Journal | 10/15-16/2022 | David Benoit, Ben Eisen and Matt Grossman |
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| What’s News | ♦ U.K. leader Truss fired Treasury chief Kwarteng and reversed crucial parts of her government’s tax cuts, after her plans to jolt the economy into growth unraveled following a backlash from financial markets and her party. | The Wall Street Journal | 10/15-16/2022 |  |
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| Risks of A Deeper Global Slump Escalate  *Finance Officials warn risking borrowing costs and high inflation boost chanced of a recession* | Risks of the worldwide economic slowdown turning into a steeper slump are rising, finance officials around the globe are warning, as strong inflation, high energy costs and climbing interest rates take hold.  Another bad U.S. inflation report last week is likely to keep the Federal Reserve lifting interest rates at a rapid clip. That could help spur the U.S. dollar higher, further elevating the cost of imports and debt service for many countries. Key energy producers are crimping supply, feeding price pressures and slowing economic activity, particularly in Europe. New data from China shoed consumer spending falling sharply, another sign of cooling economic growth. | The Wall Street Journal | 10/17/2022 | Andrew Duehren and Yuka Hayashi |
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| Bear-Market Rally Seen in Wild Shifts | What is driving the wild swings?  Some investors say the market’s roller-coaster ride as of late seems like a classic bear-market rally: a case of beaten-down markets temporarily bouncing higher, only to resume selling off.  Markets had been hit by almost relentless selling heading into their short-lived rally Thursday. The S&P 500 had fallen in 16 of the previous 20 trading days and had dropped to its lowest level in nearly two years.  Investors had also grown increasingly pessimistic.  Adding to the pressure: On Friday, the yield on the benchmark 10-year Treasury note rose to 4.005%, its highest settle since October 2008 and up from just 10496% at the end of last year. Higher interest rates present another headwind to markets because investors often are less willing to pay a premium for stocks when they can get higher returns from less-risky Treasurys.  The Dow Jones Industrial Average fell 1.3% Friday, erasing nearly half of its gains from the previous day, which marked its biggest one-day rally since November 2020. | The Wall Street Journal | 10/17/2022 | Akane Otani and Karen Langley |
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| U. K. Axes Most of Tax-Cut Program  *Markets cheer moves by new treasury chief, though political uncertainty persists* | New U.K. treasury Chief Jeremy Hunt said he was reversing nearly all the government’s proposed tax cuts and would pare back an energy price-cap subsidy as he works to reassure markets about the stability of the nation’s finances. | The Wall Street Journal | 10/18/2022 | Max Colchester and Paul Hannon |
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| Small-Caps, Fueled by Dollar, Are Set to Outpace Large-Caps | Small-cap stocks are bouncing back. A strong U.S. dollar is boosting their run.  After suffering bruising losses earlier this year, shares of many small, domestic-focused companies are outshining the large-capitalization stocks that dominate the U.S. equity markets.  For the year, the S&P 600 is on pace to outperform the S&P 500 for the first time since 2016.  Investors are turning to U.S.-centric, small-cap stocks as the dollar’s staggering climb this year looms over the profits of multinational companies. A strong dollar can hurt U.S. companies that well goods overseas by making those products less affordable.  Smaller companies are more insulated from adverse foreign-exchange effect because they derive more of their business stateside.  The valuations of small-caps look even more attractive when compared with large-cap stocks. The S&P 600 is trading at 10.8 times expected earnings over the next 12 months, according to FactSet as of Friday. That is below its 10-year average of 15.5 and well below the S&P 500’s forward price/earnings ratio of 15.3. | The Wall Street Journal | 10/18/2022 | Hannah Miao |
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| Dogma Challenges China’s Economy | Xi Jinping laid out ambitious plans two years ago to expand China’s wealth and double the size of the nation’s economy by 2035.  The target would require China’s economy to grow an average of nearly 5% annually over 15 years, according to estimates by officials involved in policy-making. Many economists inside and outside of China now believe 5% won’t be achievable, not just for this year, but also for the longer term.  Private-sector economists, the World Bank and other institutions expect China’s growth to rebound to around 4.5% next year after an estimated 3% or so in 2022, assuming Beijing eventually relaxes its zero-Covid policy. | The Wall Street Journal | 10/18/2022 | Lingling Wei |
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| Bond-Yield Rise Imperils Other Markets  *Ten-year Treasury note again settles above 4% on bad inflation reports* | With bond investors already confronting their worst returns in memory, Treasury yields keep on climbing in response to more bad news on inflation, stubbornly strong economic activity and turmoil in overseas markets. Yields rise when bond prices fall.  Tumbling bond prices and surging yields have also hurt stocks this year. The ability to earn a better forward-looking return on Treasurys-which are seen as essentially risk-free if held to maturity-has caused a decline in the prices that investors will pay for riskier assets. | The Wall Street Journal | 10/18/2022 | Sam Goldfarb |
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| Financial Stocks Bolster Indexes | The S&P 500 rose 94.88 points, or 2.6%, to 3077.95. The index slid 2.4% Friday after a 2.6% gain Thursday. The Dow Jones Industrial Average added 550.99 points, or 1.9%, to 30185.82, while the Nasdaq composite jumped 354.41 points, or 3.4%, to 10675.80.  The indexes pulled out of their latest selloff in part on the strength of earnings reports, including those by some of the nation’s biggest banks. Investors were bracing for evidence that many companies were already mired in a slump. So far, they have been pleasantly surprised, said Quincy Krosby, chief global strategist at LPL Financial.  …Mr. Krosby said. “We’ve seen primarily positive surprise. When you have a market that’s oversold, it doesn’t take much of a catalyst to have it move up.”  The next big test for the market is earnings season.  The U.S. is forecast to contract and unemployment to rise in the coming 12 months, according to a Wall Street Journal survey of economists. | The Wall Street Journal | 10/18/2022 | Joe Wallace and Justin Baer |
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| What’s News | ♦ The Biden administration plans to sell more oil from the strategic reserves and is considering authorizing new sales this winter as it tries to head off the potential for more market shocks and high prices. | The Wall Street Journal | 10/19/2022 |  |
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| What’s News | ♦ Major U.S. stock indexes rallied for a second day as investor confidence rose, with the S&P 500 and Dow both advancing 1.1% and the Nasdaq gaining 0.9%. | The Wall Street Journal | 10/19/2022 |  |
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| Stocks Jump on Strong Earnings  *S&P 500 rises almost 4% in past two trading days, Goldman, Lockheed are winners* | The S&P 500 climbed 42.03 points, or 1.1%, to 3719.98 and is up 3.8% over the last two trading days. The Dow Jones Industrial Average rose 337.98 points, or 1.1%, to 30523.80 and is up 3% over the last two trading days. The technology-heavy Nasdaq Composite moved ahead 96.60 points, or 0.9%, to 10772.40 and is up 4.4% over the past two trading days.  Big swings have become common for U.S. stocks, with the S&P 500 closing up or down at least 2% in the three prior trading sessions. | The Wall Street Journal | 10/19/2022 | Will Horner and Corrie Driebusch |
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| Utility Shares Provide No Investor Haven | Utility stocks are typically thought of as more stable than overall equity markets as providers collect steady checks from customers even when the economy slows. At its 2022 high in mid-September, the S&P 500 utilities sector was up more than 8% year to date.  That trade has unraveled. Over the past month, utility stocks have been the worst-performing sector of the S&P 500, down 13% versus the broad benchmark’s 4% decline.  Last week, the utilities sector dropped to its lowest level of the year.  A draw of utility stocks has become less attractive as interest rates have climbed. Utility stocks are known for their sizable dividends, offering investors a regular income stream. Companies in the S&P 500 utilities sector offer a dividend yield of 3.2%, among the highest payout percentages in the index, according to FactSet.  Utilities are still outperforming the market this year. The sector is down 9.8% in 2022, compared with the S&P 500’s 22% pullback.    For investors with a longer time horizon, the transition to clean energy could be a boon to utility stocks for years to come, said Jay Rhame, chief executive and portfolio manager at Reaves Asset Management, which invests in utility and infrastructure companies. | The Wall Street Journal | 10/19/2022 | Hannah Miao |
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| Dollar Erases P&G’s Sales Gains | The Cincinnati-based consumer-products company on Wednesday lowered its annual revenue guidance, citing the rum-up in the value of the dollar relative to other currencies around the world.  P&G expects unfavorable foreign-exchange rates to cost the company $1.3 billion for the fiscal year, while higher commodity, materials and freight costs would be a $2.6 billion drag. | The Wall Street Journal | 10/20/2022 | Sharon Terlep |
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| Stocks Fall Despite Solid Earnings  *After two days of gains, concerns about impact of higher rates on economy dominate* | The losses came despite quarterly reports from big companies that were mostly better than expected. Soaring inflation has dimmed the investing outlook all year but encouraging results from large U.S. banks had boosted stocks in recent sessions. A stream of mostly upbeat reports from diverse companies Wednesday reinforced a sense that the business climate has held up well so far.  Still, anxiety about inflation and the Federal Reserve’s response continued to preoccupy investors. | The Wall Street Journal | 10/20/2022 | Matt Grossman and Anna Hirtenstein |
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| Jeff Bezos: ‘Batten Down the Hatches’ as Economy Cools | Jeff Bezos said the economy is flashing warning signs, joining other corporate leaders who have cautioned that the U.S. is headed for a recession.  The Amazon.com Inc. founder suggested that people should get ready for a potential economic downturn. His comment came in response to a video clip from Goldman Sachs Group Inc. Chief Executive David Solomon, who said companies should be cautious and prepared in the event the U.S. enters a recession.  JPMorgan Chase & Co. Chief Executive Jamie Dimon also said earlier this month he thinks the U.S. is heading for recession in the middle of next year. | The Wall Street Journal | 10/20/2022 | Joseph De Avila |
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| Inflation Climbs To 10.1% in U.K. | The annual rate of inflation in the U.K. returned to double digits in September, above the 9.9% inflation recorded in August, cementing expectations of another increase in the Bank of England’s key interest rate early next month. | The Wall Street Journal | 10/20/2022 | Source: Office of National Statistics |
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| Short Traders Increase Their Bets That Energy-Stock Surge Will Fade | More traders are betting that energy stocks’ big 2022 rally won’t last.  Within the sector, traders are the most short on drillers and companies refining and marketing oil and gas and the least short on transportation and storage companies.  The simplest explanation of traders’ growing pessimism regarding energy shares is a belief t hat a group of stocks is generally due for a pullback after a rally.  Energy stocks have run up more than any other sector in the S&P 500 this year, thanks to oil prices surging after Russia’s invasion of Ukraine. Even after giving up some of its gains, the S&P 500 energy sector is up 53% this year… | The Wall Street Journal | 10/21/2022 | Akane Otani |
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| American Sees Travel Demand Lasting | American’s revenue surged 50% to $13.46 billion, topping Wall Street expectations of $13.37 billion.  The airline said it isn’t anticipating a slowdown and projected fourth-quarter revenue to be 11% to 13% higher than in the same period in 2019.  Its shares closed down 3.8% Thursday at $13.46 as U.S. stocks moved lower.  “We continue to believe that 2023 demand for air travel will be robust. We currently see no signs of demand slowing as we move into the new year,” Chief Financial Officer Derek Kerr said Thursday. | The Wall Street Journal | 10/21/2022 | Alison Sider |
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| Stocks Fall With Rates, Earnings in Focus | Stocks moved lower as investors weighed the latest batch of corporate earnings and the question of how aggressively central banks will raise interest rates to moderate inflation.  The S&P 500 fell 29.38 points, or 0.8%, to 366578.The tech-focused Nasdaq composite dropped 65.66 points, or 0.6%, to 10614.84 and the Dow Jones Industrial Average lost 90.22 points, or 0.3%, to 30333.59.  Major central banks are expected to further lift interest rates during coming meetings as price pressures show little signs of easing.  The Federal Reserve has raised interest rates five times this year and is likely to increase its benchmark federal-funds rate by another 0.75 percentage point at its meeting next month as it tries to bring down high inflation.  The uncertainty around both inflation and the extent of the Fed’s monetary tightening is at the core of what has been weighing on markets in recent days, according to Arthur Laffer, Jr., president of Laffer Tengler Investments, a Nashville, Tenn., registered investment adviser that manages more than $1 billion in assets.  In energy markets, Brent crude, the international benchmark, slipped less than 0.1%, to $92.38 a barrel. | The Wall Street Journal | 10/21/2022 | Caitlin Ostroff and Vicey Ge Huang |
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| Climbing Interest Rates Crimp U.S. Home Sales | U.S. existing-home sales fell for an eighth straight month in September, the longest streak of declines in 15 years, as the once-booming housing market becomes a bigger drag on the U.S. economy.  The markets abrupt showdown since the start of the year is a direct response to rising mortgage rates, which reached 6.94% this week.  A weaker housing market dumps demand for many other goods and services.  “the housing market has entered a recession before the overall economy does,” said Nancy Vanden Houten, lead U.S. economist at Oxford Economics.” | The Wall Street Journal | 10/21/2022 | Nicole Friedman |
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| Big Rally Gives Dow A Win for 3rd Week | The Dow Jones Industrial Average raced to its best-three-week stretch since November 2020…  The Dow added 748.97 points, or 2.5%, to 31082.56. The S&P 500 added 86.97 points, or 2.4%, to 3752.75. The technology-focused Nasdaq Composite added 244.87 points, or 2.3%, to 10859.72.  Worries about the pace of interest-rate increases – and whether they will help drive the U.S. into a recession – have driven a sharp selloff throughout the year. | The Wall Street Journal | 10/22-23/2022 | Gunjan Banerji and Chelsey Dulaney |
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| Fed Eyes Slowing The Pace Of Rate Increases  *Fourth consecutive 0.75-point rise seems likely at next meeting; debate on future raises* | Federal Reserve officials are barreling toward another interest-rate rise of 0.75 percentage point at their meeting Nov. 1-2 and are likely to debate then whether and how to signal plans to approve a smaller increase in December.  Some officials have begun signaling their desire both to slow down the pace of increases soon and to stop raising rates early next year to see how their moves this year are slowing the economy. They want to reduce the risk of causing an unnecessarily sharp slowdown.  The S&P 500 closed up 2.4% on Friday, with all 11 sectors posting gains. The 10-year Treasury yield fell to 4.212%, from 4.225% on Thursday. | The Wall Street Journal | 10/22-23/2022 | Nick Timiraos |
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| Looking beyond her rocky start, the Treasury Secretary reflects on inflation and the cognitive biases that affect policy makers and markets | Some researchers argue that markets can’t be left to their own devices because human foibles and cognitive biases make markets prone to miscalculation and overreach. It turns out that policy makers themselves, and the economists advising them, are prone to these same problems.  The policy response to Covid and the recent revival of inflation is a case in point. | The Wall Street Journal | 10/22-23/2022 | Jon Hilsenrath |
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| Markets Eye Lackluster Earnings | Early results from the third-quarter earnings season haven’t provided much comfort to jittery investors.  With about 20% of companies in the S&P 500 having reported third-quarter results, 72% have topped analysts’ consensus earnings estimates, according to FactSet. That is below the five-year average of 77%.  Declining bond prices and surging yields have recalibrated investors’ appetite for riskier assets. The S&P 500 is on pace for its worst year since the 2007-08 financial crisis. | The Wall Street Journal | 10/24/2022 | Hannah Miao |
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| Companies’ Inflation Strategies Diverge | The first batch of earnings reports from companies for the September quarter show that corporate profit margins are feeling the squeeze of the macroeconomic trends. With a fifth of the S&P 500 index already reporting, data-provider Refinitiv projects quarterly earnings will decline 3.5% from a year ago, excluding the energy sector. | The Wall Street Journal | 10/24/2022 | Thomas Gryta and Drew FitzGerald |
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| Why We’re Bullish on Energy Stocks | Some investments are suitable for the fearful, others for the greedy. U.S. energy stocks may be a rare fit for both. The sector is an inflation hedge and also has home-run growth potential if liberated from shareholder-imposed mandates to abide by environmental, social and governance constraints.  Low interest rates encouraged oil companies to overleverage and overinvest in low-returning projects. In late 2014, the Organization for the Petroleum Exporting Countries Plus boosted production, leading to a supply glut that caused oil prices to collapse by 70% and energy stocks to plummet.  Three things changed this year. Soaring inflation provided a tailwind for U.S. energy stocks that benefit from higher oil and gas prices. Rising interest rates reduced investors’ risk appetite, which disfavored tech stocks. Most important, Russia’s invasion of Ukraine exacerbated oil and gas shortages and highlighted the long-run risks of underinvestment in energy. These factors show that a global transition from fossil fuels won’t happen on the time horizon implied by the prevailing ESG investment consensus.  U.S. energy is positioned for growth. It still trades at historically depressed valuations: Since June 2018, it has underperformed the market even as profits have overperformed.  Chronic underinvestment in production now leaves the world at risk of sustained oil and gas shortages.  As the season of the tech giants fades to winter, the resurgence of energy may bound into spring – especially if investors sow the seeds by delivering a new shareholder mandate to the sector. Four of the rive largest companies in the world by market capitalization are U.S. tech companies (the fifth is an oil company, Saudi Aramco). Only one U.S. energy company, Exxon Mobil, cracks the top 10. As recently as 2013m Exxon was the largest company I the world It could be again. | The Wall Street Journal | 10/25/2022 | Vivek Ramaswamy and David Sokol |
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| Dow Reaches Highest Level in 6 Weeks | Stocks gained as investors focused on encouraging signs from corporate earnings and hopes that the Federal Reserve would s low the pace of interest-rate increases.  The Dow Jones Industrial Average climbed 417.06 points, or 1.3%, to 31499.62, its highest closing level in six weeks.  The S&P 500 advanced 44.59, or 1.2%, to 3797.34. The technology-heavy Nasdaq Composite rose 92.90, or 0.9%, to 10952.61, bouncing back after starting the day in the red.  Last week, the Dow notched its best three-week stretch since November 2020…  Investors are looking ahead to a busy week of earnings.  U.S. investors largely shrugged off geopolitical jitters from China…  Yields on U.S. government bonds continued to march higher. The yield on the 10-year U.S. treasury note rose to 4.231% - its highest closing level since June 2008-from 4.212% Friday. | The Wall Street Journal | 10/25/2022 | Caitlin McCabe and Alexander Osipovich |
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| Signed of Shift by Fed Lift Treasurys | Signs that the Federal Reserve might soon slow the pace of its interest-rate increases have helped calm Treasury yields for the moment, offering some hope to investors that a more-stable bond market could ease pressure on stocks.  U.S. Treasury yields, which move in the opposite direction of bond prices, edged higher Monday but still closed well below their intraday peaks on Friday. Yields largely declined Friday after The Wall Street Journal reported that Fed officials were poised to raise interest rates by 0.75 percentage point at the Nov. 1-2 meeting but were also likely set to debate shifting to a smaller increase in December. | The Wall Street Journal | 10/25/2022 | Sam Goldfarb |
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| Inflation, Rising Rates Weigh On Global Economic Growth | Fresh economic data pointed to a slowdown in U.S. and global growth, as higher prices and interest rates weigh on consumer demand, Europe enters a critical phase of its economic conflict with Russia, and China faces headwinds.  U.S. and European business activity fell in October, according to new surveys released Monday. A sharp slowdown in services activity, the biggest driver of the world’s largest economy. Ed the U.S. decline.  In Europe, German factories made the biggest output cuts since the early part of the pandemic, according to the surveys by S&P Global.  China’s economy rebounded in the three months through September as factory output rose on the easing of Covid-19 lockdowns. However, the world’s second-largest economy faces slowing export growth, softening consumer demand and a downturn in the housing market.  The combination of strong inflation and weakening growth presents global policy makers with difficult calls, but central banks for now are raising interest rates to lower inflation by slowing economic growth.  Signs are emerging that some of the drivers behind the surge in global inflation rates are easing as the economy cools. Prices of some meals and other commodities have fallen sharply from this year’s peaks, while freight costs are tumbling and logjams at ports have almost cleared. | The Wall Street Journal | 10/25/2022 | Paul Hannon and Austen Hufford |
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| Price Rise For Homes Eased In August | Home-price growth decelerated in August as rising mortgage rates weighed on home-buying demand.  The S&P CoreLogic Case-Shiller National Home Price Index, which measures average home prices in major metropolitan areas, rose 1.3% in the year that ended in August, down from a 15.6% annual rate the prior month.  The housing market has slowed abruptly this year amid a rapid increase in mortgage rates, which has raised borrowing costs and pushed many prospective buyers out of the market. Existing-home sales fell for eight straight months through September. | The Wall Street Journal | 10/26/2022 | Nicole Friedman |
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| Stock Indexes Extend Rally | Stock indexes extended a market rally that propelled the Dow Jones Industrial Average to a six-week high.  The S&P 500 rose 61.77 points, or 1.6%, to 3859.11 on Tuesday while the tech-heavy Nasdaq composite added 246.50 points, or 2.3%, to 11199.12. The blue-chip Dow industrials advanced 337.12 points, or 1.1%, to 31836.74.  Investors cheered earnings from large financial firms, sending stocks higher in recent days after months of falling on fears of rising interest rates and soaring inflation.  The yield on the U.S. 10-year Treasury note slid to 4.109% from 4.231% on Monday as bond prices rose… | The Wall Street Journal | 10/26/2022 | Will Horner and Eric Wallerstein |
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| What’s News | ♦ Google reported its fifth consecutive quarter of slowing sales growth… | The Wall Street Journal | 10/26/2022 |  |
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| What’s News | ♦ Microsoft posted its worst quarterly earnings decline in more than two years and the weakest revenue growth in more than five years and said that it expects further sluggishness. | The Wall Street Journal | 10/26/2022 |  |
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| What’s News | ♦ GE said quarterly profit fell and outline plans to cut costs in its renewable-energy businesses… | The Wall Street Journal | 10/26/2022 |  |
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| What’s News | ♦ Sales of newly build hones dropped 10.9% in September from August, the latest sign that rising interest rates are causing an abrupt slowdown in the housing market. | The Wall Street Journal | 10/27/2022 |  |
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| What’s News | ♦ The S&P 500 and Nasdaq lost 0.7% and 2%, respectively, dragged down by falling tech stocks, while the Dow edged up 0.01%. | The Wall Street Journal | 10/27/2022 |  |
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| S&P Falls on Weak Tech Profit Reports  *Shares of Meta decline 20% after hours as revenue drops for a second quarter in a row* | Falling tech stocks dragged down the S&P 500 on Wednesday after disappointing earnings reports from Google’s parent company and Microsoft.  The turn lower snapped a three-day winning streak for the broad U.S. stock index. Stocks had rallied in recent days on encouraging signals from earnings season and hopes that the Federal Reserve may reduce the pace of interest-rate increases.  The S&P 500 fell 28.51 points, or 0.7%, to 3830.60. The tech-heavy Nasdaq composite declined 228.12 points, or 2%, to 10970.99.  Microsoft and Alphabet are among the most heavily-weighed stocks in the S&P 500 because of their large market values, so declines in the shares have an outsize influence on the broad index’s moves.  Still, six of the S&P 500’s 11 sectors advanced Wednesday…  One factor contributing to the optimistic outlook: With the S&P 500 down 20% this year, stocks look less expensive than they have during much of the Covid-19 pandemic.  In bond markets, the yield on he benchmark 10-year U.S. Treasury note declined to 4.014% from 4.109% Tuesday. | The Wall Street Journal | 10/27/2022 | Anna Hirtenstein and Karen Langley |
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| Economy Grows Amid risks | The U.S. economy grew in the third quarter but showed signs of a broad slowdown as consumer and business spending faltered under high inflation and rising interest rates.  Gross domestic product – a measure of goods and services produced across the nation – grew at a 2.6% annual rate in the third quarter after declining in the first half of the year, the Commerce Department said Thursday.  Trade contributed the most to the third quarter’s turn-around as the U.S. exported more oil and natural gas with the Ukraine war disrupting supplies in Europe. Consumer spending, the economy’s main engine, grew but at a slower pace than in the prior quarter.  Economic uncertainty is growing and many economists are worried about the possibility of a recession in the comping 12 months. | The Wall Street Journal | 10/28/2022 | Sarah Chaney Cambon |
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| Mortgage Rates Hit 20-Year High | Mortgage rates topped 7% for the first time in 20 years, the latest milestone in a rapid climb that has all but paralyzed the housing market.  The rate on a 30-year fixed mortgage averaged 7.08% this week, according to a survey of lenders by mortgage giant Freddie Mac. | The Wall Street Journal | 10/28/2022 | Ben Eisen |
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| ECB Raises Rates by Another 0.75 Point  *Policy rate of 1.5% is highest in more than a decade, Lagarde sounds caution on growth* | The European Central Bank raised interest rates by three-quarters of a percentage point for the second time in a row Thursday, but signaled mounting concerns about economic growth, prompting investors to bet that the bank will soon reduce the scale of its rate hikes.  Inflation in he eurozone was 9.9% in September, compared with 8.2% in the U.S.  Unlike the Fed, the ECB hasn’t yet started shrinking its vast holdings of government debt, a particularly sensitive question for the ECB given the indebtedness of some European governments… | The Wall Street Journal | 10/28/2022 | Tom Fairless and Chelsey Dulaney |
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| Earnings Signal End to Tech Boom | A week of earnings by big technology companies has been a rout for investors, as recession fears and the strong dollar hit businesses that were thought to be more resilient.  And these industry giants warn more pain is ahead.  Tech companies that enjoyed strong growth in the early days of the pandemic are feeling the effect of high inflation, rising interest rates, currency headwinds and other issues. | The Wall Street Journal | 10/29-30/2022 | Meghan Bobrowsky |
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| Dow Jumps More Than 800 Points | U.S. stocks rose Friday, with big gains by Apple helping offset declines among consumer discretionary stocks weighed down by a sales warning from e-commerce giant Amazon.  The tech-heavy Nasdaq composite Index rose 309.78 points, or 2.9%, to 11102.45, bouncing back after two days of declines. The S&P 500 added 93.76 points, or 2.5%, to 3901.06 while the Dow Jones Industrial Average was up 828.52 points, or 2.6%, to 32861.80. All three indexes finished the week with gains, with the Dow industrials’ recent run-up putting it down less than 10% year-to-date.  This year, however, the Dow industrials are on track to finish October up more than 14%, which would be its best monthly performance since January 1976.  This week’s gains are a testament to how the group of companies known as FAANG – Facebook parent Meta Platforms, Apple, Amazon, Netflix and Google parent Alphabet – no longer drive the performance of major stock indexes as they did for years. | The Wall Street Journal | 10/29-30/2022 | Chelsey Dulaney and Corrie Driebusch |
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| Higher Rates Hit Big Stocks In Technology | Shares of the largest U.S. technology firms have fallen out of favor in the most pronounced way since the 2000 tech bubble, victims of a shift in investors’ tastes inspired by rising interest rates.  The 2022 market bust has turned the popular “FAANG trade”-the practice of buying fast-growing technology titans such as Facebook owner Meta Platforms Inc., Apple Inc., Amazon.com Inc., Netflix Inc. and Google parent Alphabet Inc. – into a pumpkin. Of those five companies, only Apple, down 12% this year, has outpaced the Nasdaq Composite Index’s 29% decline.  The Nasdaq Index’s value has dropped this year by some $8 trillion.  Rising rates have left tech executives and investors navigating a starkly different market environment, one that favors investments that generate cash for the holder now.  Wall Street expects more damage. Analysts estimates for fourth-quarter earnings from firms in the S&P 500’s communication-services sector – home to the parents of Facebook and google-have fallen more than for any group since the end of June, according to FactSet. Stocks in the sector are on pace for their worst year in more than two decades.  In addition to navigating rising rates and high valuations, tech executives have been grappling with a soaring U.S. dollar, consumers whose spending power is pinched by inflation and the possibility of an economic slowdown. | The Wall Street Journal | 10/31/2022 | Gunjan Banerji and Hannah Miao |
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| What’s News | ♦ Natural-gas prices have fallen more than 40% since hitting shale-era highs in late August, reducing the risk of outsize consumer heating bills this winter and potentially easing a major cost pressure for manufacturers. | The Wall Street Journal | 10/31/2022 |  |

The backlog of container ships waiting to be offloaded in southern California reached 109 in January of last year but more recently has dropped below 10. Meanwhile, the cost of shipping a container from China to the United States has fallen below $4,000 compared to last year’s high of around $20,000. *MarketPlace, September 29, 2022*

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

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Juengling & Associates