

*In this week's recap: Markets upbeat, despite gloomy inflation talk.*

# Weekly Economic Update

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*Presented by Keystone Financial Group, September 12, 2022*

## THE WEEK ON WALL STREET

In a holiday-shortened week of trading, stocks posted healthy gains despite more tough talk on monetary policy from Fed officials.

The Dow Jones Industrial Average rose 2.66%, while the Standard & Poor's 500 gained 3.65%. The Nasdaq Composite index picked up 4.14% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, lost 1.26%.<sup>1,2,3</sup>

## STOCKS RISE

Stocks fell coming off the Labor Day weekend, dragged down by news that Russia was cutting off natural gas supplies to its European customers. Stocks also were under pressure due to a surprisingly strong report on business conditions, which heightened fears of continued Fed hawkishness.

Sentiment quickly improved as bond yields turned lower and oil prices fell. Investors reacted positively to comments by Fed Vice Chair Lael Brainard, who reiterated the Fed's commitment to quashing inflation while acknowledging the risks of going too far. Stocks added to their gains on Thursday as the market digested another speech from Fed Chair Powell and a 0.75% hike by the European Central Bank. The markets surged on Friday amid little news, ending a positive week on an upbeat note.

## NO INFLATION WALK BACK

In his first public comments since his speech at Jackson Hole that sent markets into a tailspin, Fed Chair Powell did not seek to soften the edges of the Fed's commitment to fighting inflation. In an interview on Thursday, Powell reaffirmed the need for sustained and robust actions to bring down inflation. He emphasized that it was critical that "the longer inflation remains well above

target, the greater the risk the public does begin to see higher inflation as the norm, and that has the capacity to really raise the costs of getting inflation down.”<sup>4</sup>

With the Federal Open Market Committee (FOMC) set to meet on September 20-21, these comments may indicate that market expectations of a rate hike of 0.75% this month align with the Fed’s plans.

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#### TIP OF THE WEEK



*Think about making a household budget using an online spreadsheet. You can easily find or create one on the Web for free; some even have built-in calculators.*

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#### THE WEEK AHEAD: KEY ECONOMIC DATA

**Tuesday:** Consumer Price Index (CPI).

**Wednesday:** Producer Price Index (PPI).

**Thursday:** Retail Sales. Industrial Production. Jobless Claims.

**Friday:** Consumer Sentiment.

Source: Econoday, September 9, 2022

The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

#### THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

**Monday:** Oracle Corporation (ORCL).

Source: Zacks, September 9, 2022

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

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QUOTE OF THE WEEK

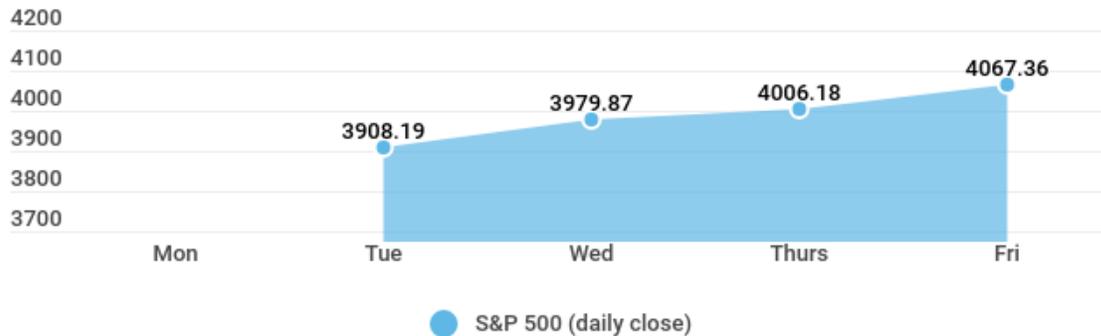


*“Music’s for grooving man, and music’s not for puttin’ yourself  
through bad changes, y’know?”*

*JANIS JOPLIN*

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Market Index	Close	Week	Y-T-D
DJIA	32,151.71	+2.66%	-11.52%
NASDAQ	12,112.31	+4.14%	-22.58%
MSCI-EAFE	1,800.52	-1.26%	-22.93%
S&P 500	4,067.36	+3.65%	-14.66%



Treasury	Close	Week	Y-T-D
10-Year Note	3.33%	+0.13%	+1.81%

Sources: The Wall Street Journal, September 9, 2022; Treasury.gov, September 9, 2022  
 Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 Index, and NASDAQ Composite Index is measured from the close of trading on Friday, September 2, to Friday, September 9, close. Weekly performance for the MSCI-EAFE is measured from Friday, September 2, open to Thursday, September 8, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## THE WEEKLY RIDDLE



*Gerald Ford was our 38th President, but he was actually the 37th man to take the job. Why was that?*

*LAST WEEK'S RIDDLE: A sudden noise startles a gopher, an owl, and a skunk at the edge of a forest. The owl flies off and the gopher retreats into his burrow, but the skunk runs for the trees. How far can that skunk run into the forest?*

*ANSWER: Halfway; after it gets halfway into the forest, it is running out of the forest.*

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Please feel free to send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

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CITATIONS:

1. The Wall Street Journal, September 9, 2022
2. The Wall Street Journal, September 9, 2022
3. The Wall Street Journal, September 9, 2022
4. The Wall Street Journal, September 8, 2022