

In this week's recap: Earnings and data tell two different stories on near future.

Weekly Economic Update

Presented by Keystone Financial Group, January 30, 2023

THE WEEK ON WALL STREET

Stocks added to their early 2023 gains amid a busy stream of mixed corporate earnings results and conflicting economic data.

The Dow Jones Industrial Average gained 1.81%, while the Standard & Poor's 500 added 2.47%. The Nasdaq Composite index rose 4.32% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, increased by 1.14%.^{1,2,3}

STOCKS ADVANCE

With the backdrop of earnings reports and conflicting economic data, stocks climbed higher on cooling inflation, continued economic resilience, and fourth-quarter corporate earnings results that, while underwhelming, did not appear as bad as many had feared.

There was enough new economic data to support both the "recession is coming" and the "soft landing" camps. It was corporate results and continued labor market strength, along with a solid, if weakening, fourth-quarter Gross Domestic Product (GDP) growth number, however, that raised investors' hopes that a potential recession may be mild and likely pushed out to later in the year.

GDP REPORT

The U.S. economy expanded at a 2.9% annualized rate in the fourth quarter, slightly exceeding consensus estimates of 2.8% but down from the third quarter's 3.2% growth rate. Consumer spending, which accounts for over two-thirds of GDP, rose 2.1%. Increases in private inventory investment, government spending, and nonresidential fixed investment also contributed to the fourth quarter's growth. Weakness in housing and a drop in exports subtracted from the quarter's result.⁴

Beneath the headline number, the personal consumption expenditures price index (the Fed's preferred measure of inflation) rose 3.2%. That was lower than the third quarter's 4.8% increase, though it remains above the Fed's 2% inflation target rate.⁵

TIP OF THE WEEK



Ramp up your college savings with rewards programs. There are credit cards and online shopping programs that can allow you to direct a steady stream of rebates toward your education fund.

THE WEEK AHEAD: KEY ECONOMIC DATA

Wednesday: Federal Open Market Committee Announcement. Job Openings and Turnover Survey (JOLTS). Institute for Supply Management (ISM) Manufacturing Index. Automated Data Processing (ADP) Employment Report.

Thursday: Factory Orders. Jobless Claims.

Friday: Employment Situation. Institute for Supply Management (ISM) Services Index.

Source: Econoday, January 27, 2023

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: Principal Financial Group, Inc. (PFG).

Tuesday: Advanced Micro Devices, Inc. (AMD), Pfizer, Inc. (PFE), Caterpillar, Inc. (CAT), General Motors Company (GM), McDonald's Corporation (MCD), Amgen, Inc. (AMGN), United Parcel Service, Inc. (UPS), Stryker Corporation (SYK).

Wednesday: Thermo Fisher Scientific, Inc. (TMO), Humana, Inc. (HUM), TMobile US, Inc. (TMUS).

Thursday: Apple, Inc. (AAPL), Amazon.com, Inc. (AMZN), Ford Motor Company (F), Alphabet, Inc. (GOOGL), Qualcomm, Inc. (QCOM), Bristol Myers Squibb Company (BMY), Merck & Co., Inc. (MRK), Eli Lilly and Company (LLY), Honeywell International, Inc. (HON).

Friday: Cigna Corporation (CI), Regeneron Pharmaceuticals, Inc. (REGN).

Source: Zacks, January 27, 2023

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.

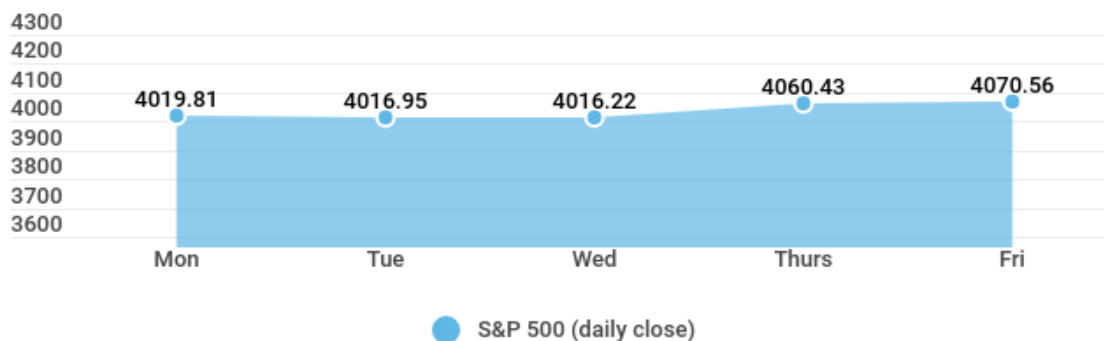
QUOTE OF THE WEEK



“Fact creates norms, and truth illumination.”

WERNER HERZOG

Market Index	Close	Week	Y-T-D
DJIA	33,978.08	+1.81%	+2.51%
NASDAQ	11,621.71	+4.32%	+11.04%
MSCI-EAFE	2,104.05	+1.14%	+8.24%
S&P 500	4,070.56	+2.47%	+6.02%



	Treasury	Close	Week	Y-T-D
	10-Year Note	3.52%	+0.04%	-0.36%

Sources: The Wall Street Journal, January 27, 2023; Treasury.gov, January 27, 2023

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, January 20, to Friday, January 27, close. Weekly performance for the MSCI-EAFE is measured from Friday, January 20, open to Thursday, January 26, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



Karen is twice her brother's age and half her father's age. In 22 years, her brother will be half the father's age. How old is Karen now?

LAST WEEK'S RIDDLE: Take one letter out of a 7-letter word and it becomes longer. What is this word?

ANSWER: Lounger.

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1. The Wall Street Journal, January 27, 2023
2. The Wall Street Journal, January 27, 2023
3. The Wall Street Journal, January 27, 2023
4. CNBC, January 26, 2023
5. CNBC, January 26, 2023