

*In this week's recap: Powell comments spur sell-off on Wall Street.*

# Weekly Economic Update

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*August 29, 2022*

## THE WEEK ON WALL STREET

A comprehensive sell-off on Friday following comments by Fed Chair Jerome Powell drove stocks to losses for the week.

The Dow Jones Industrial Average tumbled 4.22%, while the Standard & Poor's 500 dropped 4.04%. The Nasdaq Composite index fell 4.44% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, lost 1.10%.<sup>1,2,3</sup>

## UNDER PRESSURE

Stocks dropped on Friday following Powell's remarks reiterating the Fed's inflation-fighting resolve. While his comments did not break new ground, markets reacted severely, perhaps on worries that interest rate hikes may continue into next year.

After starting the week sharply lower on renewed rising interest rates and economic slowdown fears, markets staged a modest turnaround beginning mid-week. Stocks rallied on Thursday, sparked by a revised Gross Domestic Product estimate showing the economy's shrinking less than initially estimated. Thursday's rally also got a boost from regional Federal Reserve Bank presidents, who suggested future rate hikes may be in line with market expectations.

## POWELL AT JACKSON HOLE

In his much-anticipated speech at the Jackson Hole Economic Symposium, Powell unflinchingly reaffirmed the Fed's commitment to raising rates to lower inflation, even if it results in causing pain to individuals and businesses.

Wall Street focused on Powell's presentation in the hope it might provide greater clarity on future Fed direction, though his remarks ultimately went no further than restating past communications. Powell commented, "We are moving our policy stance purposefully to a level that will be sufficiently restrictive to return inflation to two percent." This statement may have put to rest any thoughts that the Fed would soon pivot on rate hikes.<sup>4</sup>

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#### TIP OF THE WEEK



*We all have impulses that can make us spend more and save less. Recognizing them can help us to improve our financial behaviors.*

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#### THE WEEK AHEAD: KEY ECONOMIC DATA

**Tuesday:** Consumer Confidence. Job Openings and Turnover Survey (JOLTS).

**Wednesday:** Automated Data Processing (ADP).

**Thursday:** Jobless Claims. Institute for Supply Management (ISM) Manufacturing Index.

**Friday:** Employment Situation. Factory Orders.

Source: Econoday, August 26, 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

**Tuesday:** Best Buy Co., Inc. (BBY), HP, Inc. (HPQ).

**Thursday:** Broadcom, Inc. (AVGO), Hormel Foods Corporation (HRL).

Source: Zacks, August 26, 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

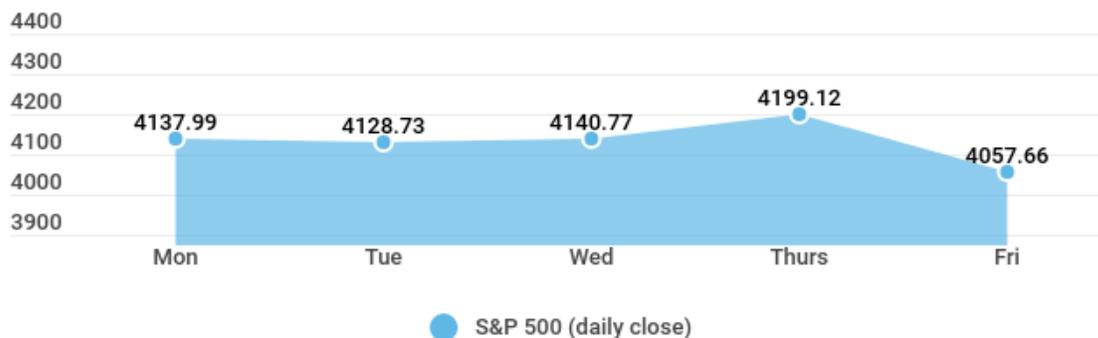


*“The road less traveled is sometimes fraught with barricades, bumps, and uncharted terrain. But it is on that road where your character is truly tested.”*

KATIE COURIC

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Market Index	Close	Week	Y-T-D
DJIA	32,283.40	-4.22%	-11.16%
NASDAQ	12,141.71	-4.44%	-22.39%
MSCI-EAFE	1,898.45	-1.10%	-18.73%
S&P 500	4,057.66	-4.04%	-15.32%



	Treasury	Close	Week	Y-T-D
	10-Year Note	3.04%	-0.06%	+1.52%

Sources: The Wall Street Journal, August 26, 2022; Treasury.gov, August 26, 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, August 19, to Friday, August 26, close. Weekly performance for the MSCI-EAFE is measured from Friday, August 19, open to Thursday, August 25, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## THE WEEKLY RIDDLE



*What can run but never walks, has a mouth but never eats, has  
a head but never thinks, and has a bed but never sleeps?*

*LAST WEEK'S RIDDLE: I am in the center of gravity, and part of every victory. I am clearly seen in the  
midst of a river. I could name three who are in love with me and have three associates in vice. What am  
I?*

*ANSWER: The letter "V."*

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**Know someone who could use information like this?**

Please feel free to send us their contact information via phone or email. (Don't worry – we'll  
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The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

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Please consult your financial professional for additional information.

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CITATIONS:

1. The Wall Street Journal, August 26, 2022
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