

*In this week's recap: Fallout from Powell comments continues.*

# Weekly Economic Update

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*September 26, 2022*

## THE WEEK ON WALL STREET

Last week, Fed Chair Powell said the U.S. would not tame inflation without economic pain. This week heightened recession fears and sent stocks broadly lower.

The Dow Jones Industrial Average dropped 4.00%, while the Standard & Poor's 500 lost 4.65%. The Nasdaq Composite index fell 5.07% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, declined 3.05%.<sup>1,2,3</sup>

## YIELDS SURGE, STOCKS TUMBLE

Last week's meeting of the Federal Open Market Committee (FOMC) proved unsettling for the financial markets. It wasn't only the widely expected announcement of another rate hike but a more hawkish message that rates may be heading higher for longer than anticipated. Fed officials indicated that any policy change might be further off than investors had contemplated.

The latest rate hike caused bond yields to rise, with two-year and ten-year Treasury note yields touching levels not seen in over a decade. Global central banks moved in tandem with the Fed, as the Bank of England, Swiss National Bank, and Norway's Norges Bank, among others, also hiked rates.<sup>4,5</sup>

## ANOTHER RATE HIKE

In its effort to cool inflationary forces, the Federal Reserve raised interest rates by 0.75% last week—the third consecutive rate increase of that size. Projections by FOMC members suggested that interest rates may increase by as much as 1.25 percentage points before year-end.<sup>6</sup>

The FOMC also projects that unemployment will rise to 4.4% by December 2023. This projection is up from its current level of 3.7%, and that core inflation will be 4.5% by year-end. In June, Fed officials projected core inflation would be at 4.3% by year-end. They also indicated that interest rates may reach as high as 4.6% in 2023, without any rate cut likely until 2024.<sup>7</sup>

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### TIP OF THE WEEK



*Never leave money on the table when it comes to your workplace retirement accounts. If your employer offers to match contributions, strive to contribute enough so that you get the match.*

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## THE WEEK AHEAD: KEY ECONOMIC DATA

**Tuesday:** Durable Goods Orders. Consumer Confidence. New Home Sales.

**Thursday:** Jobless Claims. Gross Domestic Product (GDP).

**Friday:** Consumer Sentiment.

Source: Econoday, September 23, 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

**Wednesday:** Cintas Corporation (CTAS), Paychex, Inc. (PAYX).

**Thursday:** Micron Technology, Inc. (MU), Nike, Inc. (NKE).

Source: Zacks, September 23, 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

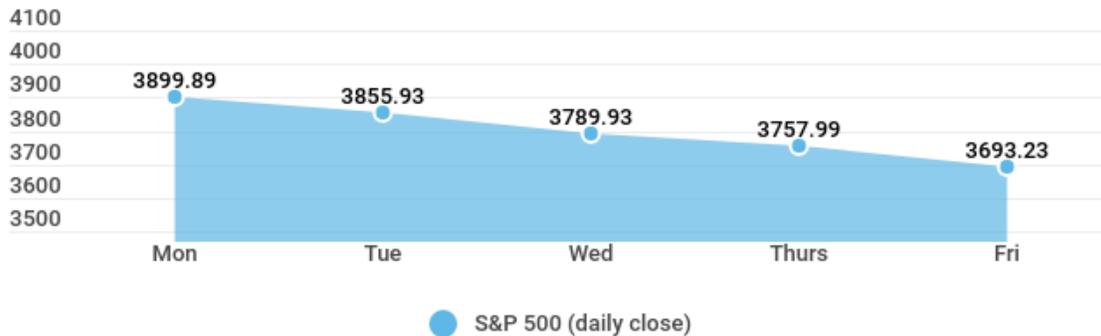


*“People are like stained-glass windows. They sparkle and shine when the sun is out, but when the darkness sets in, their true beauty is revealed only if there is a light from within.”*

*DR. ELISABETH KÜBLER-ROSS*

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Market Index	Close	Week	Y-T-D
DJIA	29,590.41	-4.00%	-18.57%
NASDAQ	10,867.93	-5.07%	-30.53%
MSCI-EAFE	1,734.01	-3.05%	-25.77%
S&P 500	3,693.23	-4.65%	-22.51%



Treasury	Close	Week	Y-T-D
10-Year Note	3.69%	+0.24%	+2.17%

Sources: The Wall Street Journal, September 23, 2022; Treasury.gov, September 23, 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 16, to Friday, September 23, close. Weekly performance for the MSCI-EAFE is measured from Friday, September 16, open to Thursday, September 22, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## THE WEEKLY RIDDLE



*Alexandra's mom had four children. The first one was named May, the second was named June, and the third was named August. What was the fourth child's name?*

*LAST WEEK'S RIDDLE: We all have one, and even though it often demands an answer, it offers no question. What is this everyday item?*

*ANSWER: A phone.*

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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 request their permission before adding them to our mailing list.)

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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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CITATIONS:

1. The Wall Street Journal, September 23, 2022
2. The Wall Street Journal, September 23, 2022
3. The Wall Street Journal, September 23, 2022
4. The Wall Street Journal, September 22, 2022
5. CNBC, September 22, 2022
6. The Wall Street Journal, September 21, 2022
7. CNBC, September 21, 2022