

In this week's recap: Markets sag, job numbers soar.

Weekly Economic Update

September 5, 2022

THE WEEK ON WALL STREET

The overhang of Fed Chair Powell's Jackson Hole speech the previous week carried over into last week as investors recalibrated stock valuations amid a seemingly more assertive monetary policy stance.

The Dow Jones Industrial Average fell 2.99%, while the Standard & Poor's 500 stumbled 3.29%. The Nasdaq Composite index lost 4.21%. The MSCI EAFE index, which tracks developed overseas stock markets, slid 4.90%.^{1,2,3}

STOCKS EXTEND LOSSES

Investors remained unnerved by the aggressive tone of Jerome Powell's speech and subsequent comments from Fed officials suggesting a higher rate hike than the market expected at the Fed two-day meeting ending September 21. The probability of a 75 basis point hike in September rose to nearly 65%, up from just 28% a month ago.⁴

Stocks moved steadily lower before finding some footing on Thursday. Friday's employment report appeared to strike a "goldilocks" note (i.e., labor gains not so strong that it might trigger greater Fed hawkishness but robust enough to allay imminent recession fears). After early gains, stocks turned lower ahead of the holiday weekend.

EMPLOYMENT SHINES

Employers added 315,000 jobs in August, maintaining the labor market's remarkable resiliency amid a contracting economy. The unemployment rate rose to 3.7%, up from last month's 3.5%. The gain followed an uptick in the labor participation rate, which expanded from 62.1% to 62.4%. Wages continued to grow, rising 0.3% in August and 5.2% from 12 months ago.⁵

Sectors seeing the most significant increases in new jobs were professional and business services, healthcare, and retail. Lagging sectors were manufacturing, financial, and wholesale trade.⁶

TIP OF THE WEEK



Have you talked to your spouse or partner about your retirement goals? This is vital. See how your individual visions of retirement correspond or differ.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Institute for Supply Management (ISM) Services Index.

Thursday: Jobless Claims.

Source: Econoday, September 2, 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

Thursday: Zscaler, Inc. (ZS), DocuSign (DOCU).

Friday: The Kroger Co. (KR).

Source: Zacks, September 2, 2022

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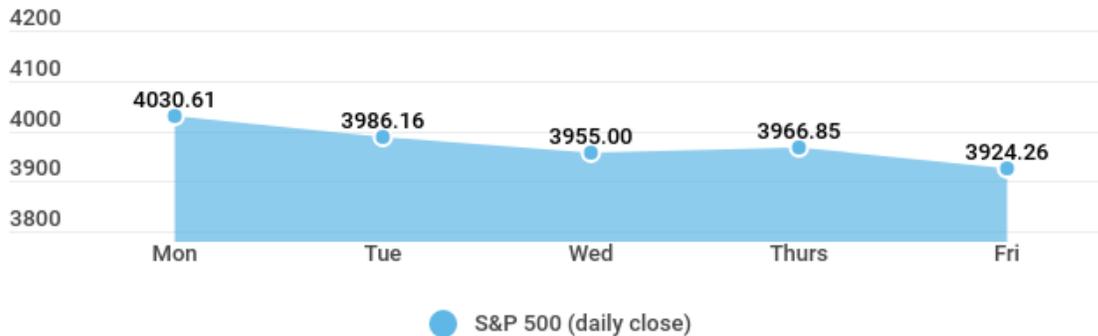
QUOTE OF THE WEEK



“Education is the transmission of civilization.”

WILL DURANT

Market Index	Close	Week	Y-T-D
DJIA	31,318.44	-2.99%	-13.81%
NASDAQ	11,630.86	-4.21%	-25.66%
MSCI-EAFE	1,790.17	-4.90%	-23.37%
S&P 500	3,924.26	-3.29%	-17.66%



	Treasury	Close	Week	Y-T-D
	10-Year Note	3.20%	+0.16%	+1.68%

Sources: The Wall Street Journal, September 2, 2022; Treasury.gov, September 2, 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 26, to Friday, September 2, close. Weekly performance for the MSCI-EAFE is measured from Friday, August 26, open to Thursday, September 1, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY 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?

LAST WEEK'S 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?

ANSWER: A river.

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Know someone who could use information like this?

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The market indexes discussed are unmanaged, and generally, considered representative of their respective markets. Index performance is not indicative of the past performance of a particular investment. Indexes do not incur management fees, costs, and expenses. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results.

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 2, 2022
2. The Wall Street Journal, September 2, 2022
3. The Wall Street Journal, September 2, 2022
4. The Wall Street Journal, August 29, 2022
5. CNBC, September 2, 2022
6. CNBC, September 2, 2022