

Economic Calendar

Monday, August 22
Chicago Fed National
Activity Index.

Tuesday, August 23
Flash Manufacturing and
Services PMI, New Home
Sales.

Wednesday, August 24
Mortgage Activity, Durable
Goods Orders, Pending
Home Sales.

Thursday, August 25
Jobless Claims, Q2 GDP
Revision.

Friday, August 26
Personal Income/Spending,
PCE Prices, Consumer
Sentiment.

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[Sticky Inflation Rises](#)

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WEEKLY RECAP

August 15-19, 2022 Recap

Stocks Drop After Four Weeks of Gains

Equities Give Back Some Gains

Markets had been rallying on reports of falling inflation, but last week investors took a more cautious tone. Investors dissected the Fed's July meeting minutes released last week, giving them potential clues on what the Fed may do in its next meeting in September. Many focused on more hawkish language in the meeting minutes and over the course of the week Fed officials also tried to downplay a perceived dovish pivot that many were hoping for based on data from prior weeks.

For the Week...

The S&P 500 fell 1.16%, the Dow Jones Industrial Average dropped 0.05% and the tech-heavy Nasdaq Composite gave back the most down 2.58%. The S&P 500 and Nasdaq Composite had both recorded four consecutive weeks of gains before last week. Value stocks outperformed growth stocks and larger capitalization stocks outperformed smaller companies.

Retail Sales Remain Flat

U.S. retail sales were expected to grow 0.2% in July, but came in flat, following a 0.8% increase in June. Excluding motor vehicles and parts, retail sales rose 0.4%. In addition to vehicles, sales were negative for gasoline stations, clothing stores, and department stores. Despite retail sales not growing last month, total sales are up 10.3% year-over-year.

Consumer Staples Outperforms

Only three of the 11 S&P 500 major sectors posted gains last week. Consumer Staples (+1.97%), Energy (+1.30%) and Utilities (+1.29%) were the only sectors that were positive. The bottom three sectors were Consumer Services (-3.28%), Materials (-2.43%), and Real Estate (-1.91%).

Treasury Yields Rise

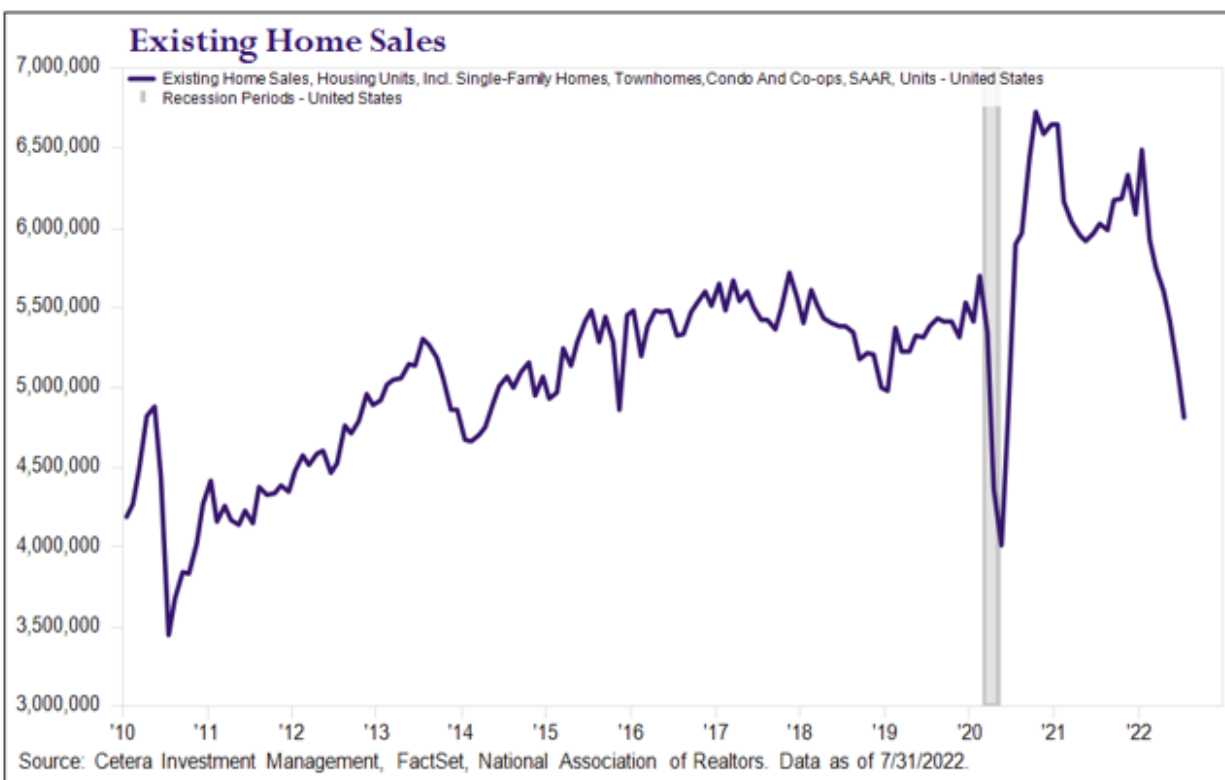
Treasury yields rose last week with the 10-year benchmark Treasury yield rising 0.14% to end at 2.98%. The yield on two-year Treasury notes finished Friday unchanged from a week ago at 3.25%. This narrowed the spread between the 10-year Treasury yield and two-year Treasury yield to -0.27%. When this spread is negative it can signal a recession is coming as some interpret this as lower economic growth prospects in the future. However, this does not always predict a recession.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-0.16	2.62	7.85	-7.24	-3.41	8.85
S&P 500	-1.16	2.50	8.85	-10.39	-2.58	14.96
NASDAQ Composite	-2.58	2.63	11.79	-18.37	-12.00	17.60
Russell 3000	-1.51	2.69	8.90	-11.38	-4.58	14.35
Russell 2000	-2.90	3.92	10.60	-12.11	-7.08	10.42
MSCI EAFE	-2.19	-0.72	-1.49	-16.17	-14.67	4.10
MSCI Emerging Markets	-1.48	1.11	0.20	-16.91	-16.37	3.23
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	-0.89	-1.68	-0.24	-9.70	-10.54	-1.41
Bloomberg Municipal Bonds	-1.21	-1.40	2.85	-7.89	-7.98	-0.55
Bloomberg US Corp High Yield	-1.21	0.38	2.62	-8.78	-7.25	2.27
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-0.67	0.55	-6.26	24.17	34.02	17.53
S&P GSCI Crude Oil	-1.12	-8.29	-17.70	20.25	42.46	17.22
S&P GSCI Gold	-2.90	-1.06	-4.59	-3.59	-1.13	5.26

Source: Morningstar

Chart of the Week: Home Sales Nosedive



Higher rates put the brakes on the housing market. Existing home sales sank 6% in July to 4.8 million (annualized). Excluding the first three months of the pandemic, home sales are the lowest since April 2014. Adjusted for seasonality, home sales have declined 26% since January.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](#) on Twitter.

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Glossary

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE** Index is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

The U.S. Dollar Index is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.