

Economic Calendar

Monday, May 23
Chicago Fed National
Activity Index.

Tuesday, May 24
S&P Global US
Manufacturing/Services
PMIs, New Home Sales.

Wednesday, May 25
Mortgage Activity,
Durable/Capital Goods
Orders, FOMC Meeting
Minutes.

Thursday, May 26
Jobless Claims, Q1 GDP
Revision (2 of 3), Q1
Personal Consumption and
Prices, Pending Home
Sales.

Friday, May 27
Advance Goods-only Trade
Balance, Personal
Incomes/Spending,
Wholesale/Retail
Inventories, Consumer
Sentiment.

[The Latest from @CeteraIM](#)

[FOMC Minutes Due Out
Wednesday](#)

[Jobless Claims Rose to
Four-Month High](#)

[S&P 500 P/E is Below Ten-
Year Average](#)

[The Week Ahead Video](#)

WEEKLY RECAP

May 16-20, 2022 Recap

Stocks Formally Avert Bear Market

S&P 500 Declines a Seventh Week

The S&P 500 closed fractionally higher last Friday, rebounding from an earlier intra-day low that was momentarily down more than 20% from its January high. The benchmark index (which avoided a minus 20% closing threshold that meets the common definition of a bear market) still fell sharply on the week, capping its longest losing streak since the dotcom bubble burst more than twenty years ago. Wall Street continues to wrestle with fears of an outsized economic slowdown while earnings reports from several big-box retailers signaled margin and sales erosion stemming from persistently high inflation.

For the Week...

The S&P 500 sank 3.00%, the Dow Jones Industrial Average fell 2.90%, its eighth straight weekly loss (longest since 1923) and the Nasdaq Composite slumped another 3.77%. The S&P 500 has had only four streaks of seven or more weekly losses since the end of World War II.

Existing Home Sales Fall Third Month

Sales of previously owned homes declined 2.4% to a 5.61 million annualized rate last month, the lowest level since June 2020. Economists projected a smaller decline to 5.64 million. Sales continue to be pressured lower by a combination of low inventory of homes for sale, rising mortgage rates (5.5% last week from 3.5% at the start of the year) and rising home prices. The median used home selling price is up 14.8% from a year ago to a record \$391,200.

Energy Still the Top Performing Sector

Eight of the 11 major sector groups posted declines last week while Energy (+1.36%), Healthcare (+0.93%) and Utilities (+0.45%) advanced. Consumer Staples (which was the sole gainer the week prior) fell the most this past week, down 8.60%. Consumer Discretionary (-7.43%) and Technology (-3.71%) followed on the loss leaderboard. Energy has gained 7.08% so far in the second quarter and is up 48.87% year to date.

Treasury Yields Ease

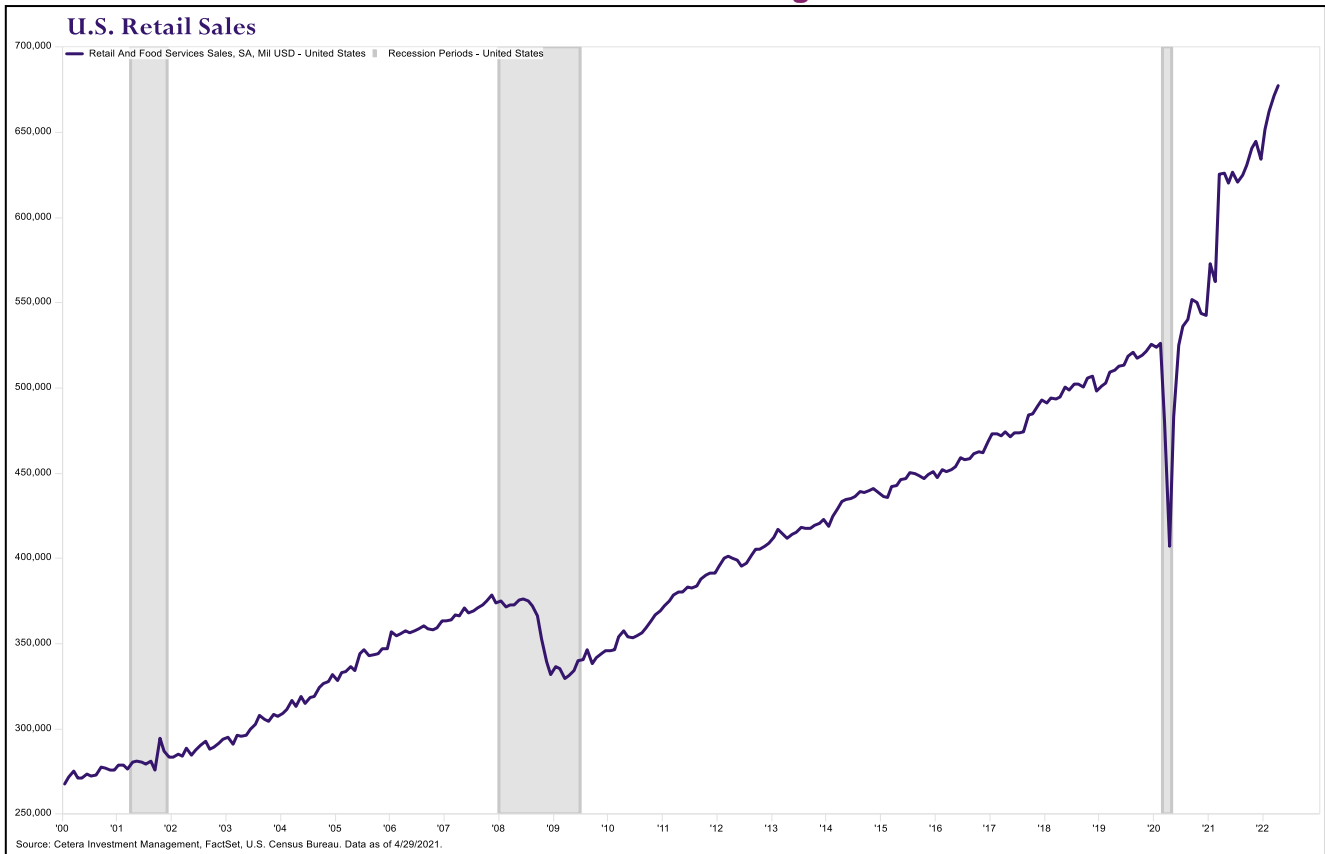
Treasury bond prices climbed again last week on safer-haven buying, dampening the yield on benchmark 10-year Treasury notes to 2.790% from 2.930% the week prior. Separately, the U.S. Dollar Index (1.35%) capped its first weekly decline since April 1, while WTI crude oil futures nudged slightly lower to \$110.28/barrel.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-2.14	-2.37	-7.32	-11.40	-5.37	8.33
S&P 500	-2.35	-2.53	-8.58	-15.12	-0.76	14.60
NASDAQ Composite	-2.77	-4.23	-14.23	-24.35	-9.46	16.53
Russell 3000	-2.36	-2.87	-9.40	-16.25	-3.76	13.73
Russell 2000	-2.50	-3.76	-11.40	-19.83	-16.53	6.91
MSCI EAFE	-1.41	-4.20	-13.64	-15.70	-11.64	4.19
MSCI Emerging Markets	-2.60	-6.62	-18.58	-17.96	-20.57	1.92
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	0.59	0.36	-5.71	-9.18	-8.11	0.34
Bloomberg Municipal Bonds	-0.02	-1.47	-7.06	-10.16	-9.33	-0.34
Bloomberg US Corp High Yield	-0.69	-3.06	-7.06	-11.03	-8.01	1.95
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	1.76	0.88	17.14	31.89	43.99	18.47
S&P GSCI Crude Oil	1.52	5.34	22.25	46.63	78.11	20.38
S&P GSCI Gold	1.85	-3.31	-2.71	1.08	-1.89	12.94

Source: Morningstar

Chart of the Week: U.S. Consumer Remains Strong



Retail Sales for April met expectations up 0.9%, but big upward revisions of prior months showed consumer strength. Consumer spending makes up roughly 70% of the U.S. Gross Domestic Product, so this could mean recession risks are lower than many anticipate. Consumers also continued their trend to spend more on services and less on goods. A signal that the economy is returning to its pre-pandemic form.

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.