

Stocks moved lower last week as recession fears deepened following a Fed hike in interest rates and weak economic data.

The Dow Jones Industrial Average fell 4.79%, while the Standard & Poor's 500 dropped 5.79%. The Nasdaq Composite index slid 4.78% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, slumped 4.51%.<sup>1,2,3</sup>



Market Index	Close	Week	Y-T-D
DJIA	29,888.78	-4.79%	-17.75%
NASDAQ	10,798.35	-4.78%	-30.98%
MSCI-EAFE	1,847.03	-4.51%	-20.93%
S&P 500	3,674.84	-5.79%	-22.90%



	Treasury	Close	Week	Y-T-D
	10-Year Note	3.25%	+0.09%	+1.73%

Sources: The Wall Street Journal, June 17, 2022; Treasury.gov, June 17, 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, June 10, to Friday, June 17, close. Weekly performance for the MSCI-EAFE is measured from Friday, June 10, open to Thursday, June 16, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## Stocks Tumble

Stocks were under pressure all week due to inflation worries, higher yields, and rising recession concerns. In advance of the much-awaited mid-week meeting of the Federal Open Market Committee (FOMC), bond yields jumped, and stocks retreated on speculation that the Fed might raise rates by 75 basis points. When the Fed announced a 75 basis point hike on Wednesday, stocks rebounded strongly.

The enthusiasm was short-lived. Stocks resumed their slide on Thursday as global central banks followed with their own rate hikes. Recession fears grew based on a weak housing starts report and a

contraction in the Philadelphia Fed Business Index—the first contraction since May 2020.<sup>4</sup>

## **Fed Rate Hike**

The Federal Reserve announced a 0.75% hike in the federal funds rate, making it the biggest rate increase since 1994 and signaling its commitment to address inflation. The report from last week's FOMC meeting also indicated new rate projections, showing that all members expect rates to rise to at least 3.0% by year-end, with half the members expecting rates to rise to 3.375%.<sup>5</sup>

The 75 basis point rate increase was a late-developing change from earlier Fed guidance of a 50 basis point increase. The change of heart was in response to recent inflation data and rising inflationary expectations.<sup>6</sup>

## **This Week: Key Economic Data**

**Tuesday:** Existing Home Sales.

**Thursday:** Jobless Claims. Purchasing Managers' Index (PMI).

**Friday:** New Home Sales. Consumer Sentiment.

Source: Econoday, June 17, 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.

## **This Week: Companies Reporting Earnings**

**Tuesday:** Lennar Corporation (LEN).

**Wednesday:** KB Home (KBH).

**Thursday:** FedEx Corporation (FDX), Darden Restaurants, Inc. (DRI).

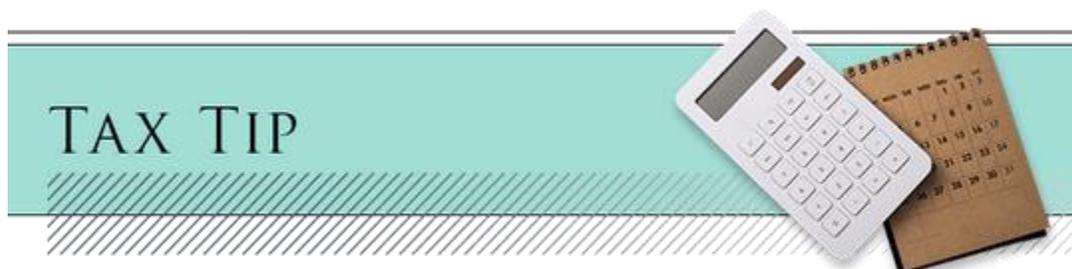
Source: Zacks, June 17, 2022

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.



*"In memory everything seems to happen to music."*

**– Tennessee Williams**



## **Things You Can Do on the IRS Website**

While the IRS website might not be in your top bookmarks, the website is helpful for a lot of things regarding taxes. Here are just a few things you can do on the site:

- Use Free File, where you can access brand-name tax software and online fillable forms.
- Use the IRS e-file system: a safe, easy, and common way to file your tax return.
- Check the status of your tax refund.
- Find out how to make payments electronically to pay your federal taxes. You can use a credit or debit card or enroll in

the US Treasury's Electronic Federal Tax Payment System to pay your taxes.

- Get tax forms and publications, including helpful tips for frequently asked questions.

\* This information is not intended to be a substitute for specific, individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov<sup>7</sup>

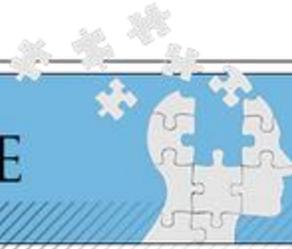


## **Improve Your Swimming with Masters Swim**

Swimming is a fantastic full-body, low-impact workout for people of all ages. Check out US Masters Swimming for a club near you as the weather warms up! USMS is an organized swimming club for swimmers of all levels. Swimming with a Masters club is a great way to build camaraderie, meet new friends, get better at swimming, and enjoy a great workout. There are clubs all over the country, likely at a pool near you, which you can find through the Club Finder tool on the USMS website. The coaches will help you start (and stick with) a swimming routine, improve your stroke, and learn more about the sport.

Tip adapted from US Masters Swimming<sup>8</sup>

## WEEKLY RIDDLE



It has 18 legs, is uniformed, walks and runs on grass and artificial turf, and catches flies. What is it?

*Last week's riddle: What surrounds everyone and is the end of time and space? Riddle answer: The letter "e."*

## PHOTO OF THE WEEK





*Stepped waterfall group Blue Moon Valley, Lijiang, China*

## Footnotes and Sources

1. The Wall Street Journal, June 17, 2022
2. The Wall Street Journal, June 17, 2022
3. The Wall Street Journal, June 17, 2022
4. CNBC, June 16, 2022
5. The Wall Street Journal, June 15, 2022
6. The Wall Street Journal, June 15, 2022
7. IRS.gov, March 20, 2020
8. usms.org, February 22, 2022

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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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International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

Please consult your financial professional for additional information.

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