

Prospects of cooling inflation powered a rally in stock prices last week despite growing recession concerns.

The Dow Jones Industrial Average gained 5.39%, while the Standard & Poor's 500 climbed 6.45%. The Nasdaq Composite index rose 7.49% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, edged 0.78% higher.^{1,2,3}



Market Index	Close	Week	Y-T-D
DJIA	31,500.68	+5.39%	-13.31%
NASDAQ	11,607.62	+7.49%	-25.81%
MSCI-EAFE	1,837.39	+0.78%	-21.35%
S&P 500	3,911.74	+6.45%	-17.93%



	Treasury	Close	Week	Y-T-D
	10-Year Note	3.13%	-0.12%	+1.61%

Sources: The Wall Street Journal, June 24, 2022; Treasury.gov, June 24, 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 17, to Friday, June 24, close. Weekly performance for the MSCI-EAFE is measured from Friday, June 17, open to Thursday, June 23, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

Stocks Bounce

Declining energy and food prices and falling bond yields signaled a potentially improving inflation outlook, buoying investor sentiment. The rally in stocks was most powerful on the first and final trading days of a holiday-shortened week. Stocks turned a bit choppy mid-week as investors digested Fed Chair Jerome Powell's Senate appearance but resumed their momentum on Thursday and rallied Friday as rate-hike expectations eased.

Though the weekly gain was a welcome respite from the market's downward trend, declining bond yields and falling food and energy prices can also be interpreted as signs of slowing economic growth,

which may represent a headwind for corporate earnings in the months ahead.

Powell Testifies

Fed Chair Jerome Powell told members of the Senate Finance Committee that the Fed is committed to lowering inflation and moving quickly to do so. He conceded that a recession could result from the Fed's inflation-fighting efforts and acknowledged that some of the forces driving inflation (e.g., supply chain, war) are out of the Fed's control.⁴

Perhaps the most exciting part of his testimony was what he didn't say, which was a definitive statement on future hikes. Instead, Powell told lawmakers that he "anticipate[s] that ongoing rate increases will be appropriate." Before his testimony, the Fed published a new research paper that found a greater than 50% chance of recession in the next four quarters.⁵

This Week: Key Economic Data

Monday: Durable Goods Orders.

Tuesday: Consumer Confidence.

Wednesday: Gross Domestic Product (Third Estimate for Q1).

Thursday: Jobless Claims.

Friday: Institute for Supply Management (ISM) Manufacturing Index.

Source: Econoday, June 24, 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

Wednesday: General Mills, Inc. (GIS).

Thursday: Micron Technology, Inc. (MU), Constellation Brands, Inc. (STZ), Walgreens Boots Alliance, Inc. (WBA).

Source: Zacks, June 24, 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.

FOOD FOR THOUGHT



"You can't win every week."

– Caryl Churchill

TAX TIP



Get Educated on Education Credits

Two education credits are available to American taxpayers: the American Opportunity Tax Credit (AOTC) and the Lifetime Learning Credit (LLC). The IRS has lots of information about these two credits on their site, but here are some helpful highlights:

- The AOTC is allowed for expenses for course-related books, supplies, and equipment not necessarily paid to the educational institution but needed for attendance.
- There is a four-year limit on claiming the AOTC but no limit on the number of years you can claim the LLC.
- To claim either credit, use Form 8863.
- The AOTC is worth up to \$2,500.
- To claim the full credit, your modified adjusted gross income must be \$80,000 or less.

* 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.gov⁶



Healthy Roadtrip Snacks

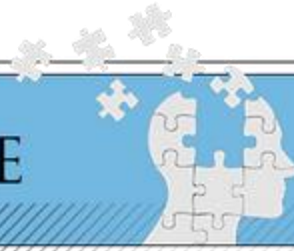
Summer is the season for road trips! Whether taking a short drive from your house or heading off on a cross-country adventure, many families are packing up the car for some time away.

One of the best parts about road trip are the snacks, but they aren't always the healthiest. Luckily, there are many easy snacks you can prepare for your trip. Skip the chips at the gas station and snack on these healthy road trip snacks instead:

- Apples and peanut butter
- Celery and peanut butter
- Carrots and hummus
- Homemade trail mix with nuts and dried fruit
- Protein and granola bars
- Nuts and seeds
- Dried fruit and veggie chips

Tip adapted from Healthline⁷

WEEKLY RIDDLE



In a drawer are six pairs of red socks, four pairs of white socks and five pairs of blue socks. In total darkness, how many socks would you have to grab to be certain you had a matching pair?

Last week's riddle: It has 18 legs, is uniformed, walks and runs on grass and artificial turf, and catches flies. What is it? Riddle answer: A baseball team.

PHOTO OF THE WEEK





Four Peaks, Gila County, Arizona

Footnotes and Sources

1. The Wall Street Journal, June 24, 2022
2. The Wall Street Journal, June 24, 2022
3. The Wall Street Journal, June 24, 2022
4. The Wall Street Journal, June 22, 2022
5. The Wall Street Journal, June 22, 2022
6. IRS.gov, March 20, 2020
7. healthline.com, February 26, 2022

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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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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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