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In this week's recap: Cooling inflation brings market gains.

Weekly Economic Update

Presented by Don Clark, MBA, CFP®, November 14, 2022

THE WEEK ON WALL STREET

A cooling inflation number ignited a powerful rally on Thursday, sending stocks to strong gains for the week.

The Dow Jones Industrial Average gained 4.15%, while the Standard & Poor's 500 added 5.90%. The Nasdaq Composite index rose 8.10% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, picked up 5.72%. ^{1,2,3}

STOCKS SURGE

A lower-than-expected inflation report triggered the biggest one-day stock market gain in more than two years as the news raised investors' hopes that the Fed might consider easing the pace of future rate hikes. The day's gains were pronounced in the hard-hit technology sector, as the tech-heavy Nasdaq added 7.35%. ⁴

Stocks initially rallied to start the week, but gave up some of the gains on Wednesday following a muddy and indecisive outcome to the midterms. Friday saw stocks build on their gains to close out an exceptional week.

INFLATION MODERATES

Consumer prices rose slower in October, increasing 0.4% for the month and 7.7% from 12 months ago. Both numbers were below market expectations of 0.6% and 7.9%. The core CPI (excludes energy and food sectors) rose a more modest 0.3% on a monthly basis and 6.3% from a year ago.

⁵

The deceleration in prices was mainly attributable to price declines in used cars (-2.4%), apparel (-0.7%), and medical care services (-0.6%). Despite the progress, inflation remains well above the Fed's 2% target rate. A look behind the numbers shows that October's 7.7% CPI was fueled by the largest monthly jump in shelter costs since 1990 (+0.8%). Shelter costs account for one-third of the CPI. Energy was up 1.8%, while food costs rose 0.6% for the month. ⁶

TIP OF THE WEEK



Retiring in the near future? A monthly retirement budget is a good idea – and so is a current budget that establishes a schedule for paying down debts and reducing costs before you enter into a new phase of life.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Producer Price Index (PPI).

Wednesday: Retail Sales. Industrial Production.

Thursday: Housing Starts. Jobless Claims.

Friday: Existing Home Sales. Index of Leading Economic Indicators.

Source: Econoday, November 11, 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

Monday: Tyson Foods, Inc. (TSN).

Tuesday: Walmart, Inc. (WMT), The Home Depot, Inc. (HD).

Wednesday: Nvidia Corporation (NVDA), Cisco Systems, Inc. (CSCO), Target Corporation (TGT), Lowe's Companies, Inc. (LOW), The TJX Companies, Inc. (TJX).

Thursday: Applied Materials, Inc.(AMAT), Palo Alto Networks, Inc. (PANW), Ross Stores, Inc. (ROST).

Source: Zacks, November 11, 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.

QUOTE OF THE WEEK



“To expect truth to come from thinking signifies that we mistake the need to think with the urge to know.”

HANNAH ARENDT

Market Index	Close	Week	Y-T-D
DJIA	33,747.86	+4.15%	-7.13%
NASDAQ	11,323.33	+8.10%	-27.62%
MSCI-EAFE	1,871.56	+5.72%	-19.88%
S&P 500	3,992.93	+5.90%	-16.22%



	Treasury	Close	Week	Y-T-D
	10-Year Note	3.82%	-0.35%	+2.30%

Sources: The Wall Street Journal, November 11, 2022; Treasury.gov, November 10, 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, November 4, to Friday, November 11, close. Weekly performance for the MSCI-EAFE is measured from Friday, November 4, open to Thursday, November 10, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



I'm usually standing on a city sidewalk, and I'll always stand by your car. But if you don't feed me, I may get you into trouble.

What am I?

LAST WEEK'S RIDDLE: Create a 13-letter word using all 13 of the following letters:

O A I I S T T R R D N A M

ANSWER: ADMINISTRATOR.

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CITATIONS:

1. The Wall Street Journal, November 11, 2022

2. The Wall Street Journal, November 11, 2022

3. The Wall Street Journal, November 11, 2022

4. CNBC, November 10, 2022

5. CNBC, November 10, 2022

6. CNBC, November 10, 2022



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