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*In this week's recap: Mixed results as interest rate concerns grow.*

# Weekly Economic Update

*Presented by Don Clark, MBA, CFP®, February 20, 2023*

## THE WEEK ON WALL STREET

Growing concerns about further interest rate hikes, prompted by fresh economic data, reversed early-week gains and left stocks mixed for the week.

The Dow Jones Industrial Average slipped 0.13%, while the Standard & Poor's 500 fell 0.28%. The Nasdaq Composite index advanced 0.59% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, gained 0.52%. <sup>1,2,3</sup>

## RATE CONCERNS WEIGH ON STOCKS

Stocks opened last week higher on investor hopes that a continued cooling in inflation might support a more dovish Fed. A higher-than-expected rise in the Consumer Price Index (CPI) and strong retail sales in January initially did little to dent that enthusiasm, as stocks posted solid gains through Wednesday's close.

But that optimism faded on Thursday as a surprising rise in producer prices and another decline in initial jobless claims triggered worries the Fed would stay the course for longer. Comments from two Fed officials supporting a more aggressive rate hike stance added to the unease,

erasing much of the week's gains. Stocks ended mixed on Friday, capping a choppy week.

## INFLATION MODERATION PAUSES

Consumer prices climbed 0.5% in January, fueled by rising shelter costs and energy prices. The increase in the CPI was higher than the 0.1% rise in December and slightly above the consensus estimates of 0.4%. The year-over-year inflation number (6.4%) came in lower than December's 12-month rise of 6.5%, making it the seventh consecutive month of declining year-over-year inflation.

<sup>4</sup>

January's product price report showed a surprise 0.7% increase, higher than the 0.4% rise expected by economists and the biggest jump since June. Year-over year, producer prices rose 6.0%, a slight improvement from December's number. <sup>5</sup>

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### TIP OF THE WEEK



*If a major financial or life event is coming up on your calendar, talk to a financial professional about it now. See what ideas they may have about how to manage the event.*

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## THE WEEK AHEAD: KEY ECONOMIC DATA

**Tuesday:** Purchasing Managers' Index (PMI) Flash. Existing Home Sales.

**Wednesday:** FOMC Minutes.

**Thursday:** Jobless Claims. Gross Domestic Product (GDP).

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

Source: Econoday, February 17, 2023

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

**Tuesday:** Walmart, Inc. (WMT), The Home Depot, Inc. (HD), Palo Alto Networks, Inc. (PANW).

**Wednesday:** eBay, Inc. (EBAY), The TJX Companies, Inc. (TJX), Nvidia Corporation (NVDA), Diamondback Energy, Inc. (FANG).

**Thursday:** Block, Inc. (SQ), Pioneer Natural Resources Company (PXD).

**Friday:** EOG Resources, Inc. (EOG).

Source: Zacks, February 17, 2023

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.

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### QUOTE OF THE WEEK

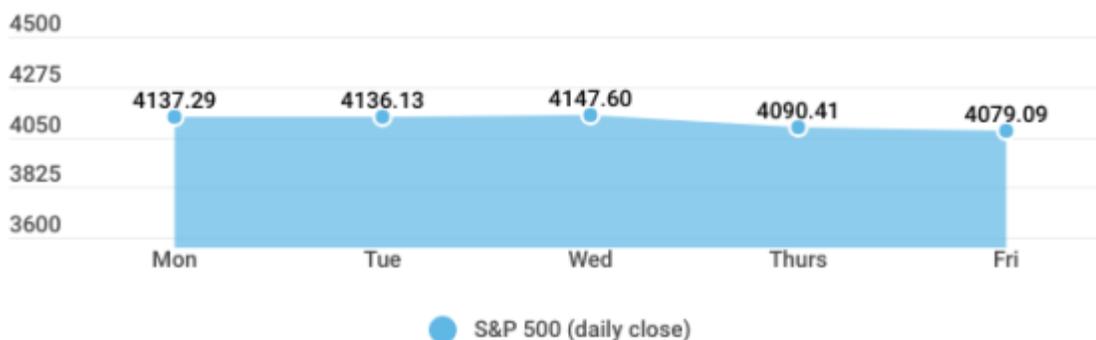


*“Women, we naturally want to be the best...And I can’t be mad at the next girl for wanting to be the best! Why would I get mad at you for saying you the baddest? Why can’t we both agree that we bad, and that just be that?”*

*MEGAN THEE STALLION (MEGAN JOVON RUTH PETE)*

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Market Index	Close	Week	Y-T-D
DJIA	33,826.69	-0.13%	+2.05%
NASDAQ	11,787.27	+0.59%	+12.62%
MSCI-EAFE	2,096.08	+0.52%	+7.83%
S&P 500	4,079.09	-0.28%	+6.24%



	Treasury	Close	Week	Y-T-D
	10-Year Note	3.82%	+0.08%	-0.06%

Sources: The Wall Street Journal, February 17, 2023; Treasury.gov, February 17, 2023

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, February 10, to Friday, February 17, close. Weekly performance for the MSCI-EAFE is measured from Friday, February 10, open to Thursday, February 16, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## THE WEEKLY RIDDLE



*Four grown men decided to play on the sidewalk for three hours. No one chided them for childish or immature behavior; many appreciated the noise they made. They even went home a bit richer. What were these men doing?*

*LAST WEEK'S RIDDLE: They have no bodies, but you could say they have tails and heads. What are they?*

*ANSWER: Coins.*

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Don Clark, MBA, CFP® may be reached at 913-451-7526 or [dclark@personalfinancialgroup.com](mailto:dclark@personalfinancialgroup.com)  
[www.personalfinancialgroup.com](http://www.personalfinancialgroup.com)

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CITATIONS:

1. The Wall Street Journal, February 17, 2023
2. The Wall Street Journal, February 17, 2023
3. The Wall Street Journal, February 17, 2023
4. The Wall Street Journal, February 14, 2023
5. CNBC, February 16, 2023



Don Clark  
dclark@personalfinancialgroup.com

Managing Principal  
Personal Financial Group  
7007 College Boulevard Suite 270, Overland Park, KS 66211  
Phone 913-451-7526  
[www.personalfinancialgroup.com](http://www.personalfinancialgroup.com)

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