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In this week's recap: Powell: Inflation heading in the right direction.

Weekly Economic Update

Presented by Don Clark, MBA, CFP®, February 6, 2023

THE WEEK ON WALL STREET

Stocks were mixed last week following better-than-expected corporate reports and increasing optimism over a slowdown in interest rates.

The Dow Jones Industrial Average edged lower, slipping -0.15%. The Standard & Poor's 500 rose 1.62% while the Nasdaq Composite index led, picking up 3.31%. The MSCI EAFE index, which tracks developed overseas stock markets, increased by 1.16%. ^{1,2,3}

RALLY CONTINUES

Strong earnings reports and encouraging inflation data lifted stocks ahead of the Federal Open Market Committee's (FOMC) decision on Wednesday to hike interest rates by 25 basis points. Markets rallied following the announcement, relieved that the increase was in line with expectations and buoyed by post-meeting comments in which Fed Chair Jerome Powell acknowledged the disinflationary forces in place.

Fresh earnings reports fueled further gains, with positive earnings surprises from several big-name technology companies that benefited the larger universe of Nasdaq-listed high-growth

companies. Disappointing earnings from three mega-cap tech companies and a strong employment report triggered a Friday pull-back, paring the week's gains.

ANOTHER RATE HIKE

The Federal Reserve raised interest rates by 0.25%, signaling to the financial markets that it would likely hike rates by another 25 basis points at its next meeting in late March. Fed officials said the slowdown in rate hikes might provide time to assess the impact of the accumulated rate hikes. The Fed retained language in its post-meeting statement that future rate hike plans were unchanged to discourage investors' hopes of an imminent pause in the rate-hike cycle. ⁴

In his post-meeting press conference, Fed Chair Powell reiterated the Fed's commitment not to declare victory on inflation prematurely but acknowledged that a disinflationary trend was underway. ⁵

TIP OF THE WEEK



If your life or financial situation changed notably this year (a new job, a marriage, an addition to the family), then now should be a time to review the state of your personal insurance and your risk management approach.

THE WEEK AHEAD: KEY ECONOMIC DATA

Thursday: Jobless Claims.

Friday: Consumer Sentiment.

Source: Econoday, February 3, 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 : Fortinet, Inc. (FTNT), Chipotle Mexican Grill, Inc. (CMG).

Wednesday: CVS Health Corporation (CVS), Prudential Financial, Inc. (PRU), The Walt Disney Company (DIS).

Thursday: AbbVie, Inc. (ABBV), PayPal Holdings, Inc. (PYPL), PepsiCo, Inc. (PEP), Kellogg Company (K), Expedia Group, Inc. (EXPE), O'Reilly Automotive, Inc. (ORLY).

Source: Zacks, February 3, 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.

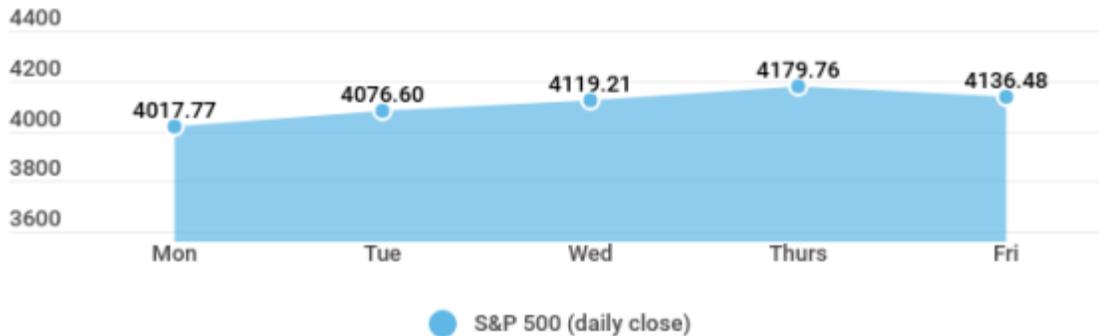
QUOTE OF THE WEEK



“A man's legacy is defined by time.”

JOHN CENA

Market Index	Close	Week	Y-T-D
DJIA	33,926.01	-0.15%	+2.35%
NASDAQ	12,006.95	+3.31%	+14.72%
MSCI-EAFE	2,133.83	+1.16%	+9.77%
S&P 500	4,136.48	+1.62%	+7.73%



	Treasury	Close	Week	Y-T-D
	10-Year Note	3.54%	+0.02%	-0.34%

Sources: The Wall Street Journal, February 3, 2023; Treasury.gov, February 3, 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, January 27, to Friday, February 3, close. Weekly performance for the MSCI-EAFE is measured from Friday, January 27, open to Thursday, February 2, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



*What is the beginning of sorrow and the end of sickness?
Something you cannot express happiness without? Something
that is always in risk, but never in danger?*

LAST WEEK'S RIDDLE: Karen is twice her brother's age and half her father's age. In 22 years, her brother will be half the father's age. How old is Karen now?

ANSWER: Karen is 22 years old.

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CITATIONS:

1. The Wall Street Journal, February 3, 2023

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



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