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In this week's recap: Economy slows; Stocks retreat.

Weekly Economic Update

Presented by Don Clark, MBA, CFP®, May 2, 2022

THE WEEK ON WALL STREET

On Friday, a sharp sell-off sent major stock market indices into negative territory for the week, capping a volatile close to April.

The Dow Jones Industrial Average declined 2.47%, while the Standard & Poor's 500 tumbled 3.27%. The Nasdaq Composite index dropped 3.93% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, fell 3.33%. ^{1,2,3}

STOCKS SLIDE

Trading was volatile in the final week of April as investors struggled with the crosscurrents of global economic growth anxieties stemming from widening COVID-related lockdowns in China and a fresh batch of corporate earnings reports.

Monday set the tone for the week. Stocks staged an intraday reversal, wiping out a deep morning decline to end the day higher. After broad losses on Tuesday and a choppy session on Wednesday, stocks mounted a powerful rally Thursday thanks to positive corporate earnings reports, overcoming a disappointing first-quarter Gross

Domestic Product report. Stocks could not sustain Thursday's momentum, as Friday witnessed a broad-based retreat to cement another week of losses.

ECONOMY CONTRACTS

Following the torrid 6.9% annualized GDP growth rate in the fourth quarter, economists had expected economic growth to moderate to about a one-percent gain in the first quarter. Instead, the economy shrank at an annualized rate of 1.4%, dented by a slowdown in inventory investment by businesses, a jump in the trade deficit, and a decline in defense spending.

Consumer spending held up, rising 2.7%, though the gain was amid higher prices. Some economists expect the economy to resume its expansion for the remainder of the year, which may be one reason investors shrugged off the negative surprise. ⁴

TIP OF THE WEEK



If you're a new parent, you have 18 years to save for your child's college education. Start now because who knows what college may cost by then.

THE WEEK AHEAD: KEY ECONOMIC DATA

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

Tuesday: Factory Orders. Job Openings and Turnover Survey (JOLTS).

Wednesday: Federal Open Market Committee (FOMC) Announcement. Automated Data Processing (ADP) Employment Report. Institute for Supply Management (ISM) Services Index.

Thursday: Jobless Claims.

Friday: Employment Situation.

Source: Econoday, April 29, 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

Tuesday: Advanced Micro Devices, Inc. (AMD), Pfizer, Inc. (PFE), Starbucks Corporation (SBUX), Marathon Petroleum Corporation (MPC), Skyworks Solutions, Inc. (SWKS), Prudential Financial, Inc. (PRU).

Wednesday: CVS Health Corporation (CVS), Twilio, Inc. (TWLO), Fortinet, Inc. (FTNT), eBay, Inc. (EBAY), Booking Holdings, Inc. (BKNG), Match Group, Inc. (MTCH).

Thursday: Block, Inc. (SQ), Illumina, Inc. (ILMN), Shopify, Inc. (SHOP), Pioneer Natural Resources Company (PXD), ConocoPhillips (COP), AnheuserBusch InBev (BUD), Albemarle Corporation (ALB), Vertex Pharmaceuticals, Inc. (VRTX), Kellogg Company (K), Air Products and Chemicals (APD).

Source: Zacks, April 29, 2022

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QUOTE OF THE WEEK



“For life: It is rather a determination not to be overwhelmed. For work: The truth can only be recalled, never invented.”

MARILYN MONROE

Market Index	Close	Week	Y-T-D
DJIA	32,977.21	-2.47%	-9.25%
NASDAQ	12,334.64	-3.93%	-21.16%
MSCI-EAFE	2,012.60	-3.33%	-13.85%
S&P 500	4,131.93	-3.27%	-13.31%



	Treasury	Close	Week	Y-T-D
	10-Year Note	2.89%	-0.01%	+1.37%

Sources: The Wall Street Journal, April 29, 2022; Treasury.gov, April 29, 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, April 22, to Friday, April 29, close. Weekly performance for the MSCI-EAFE is measured from Friday, April 22, open to Thursday, April 28, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



What is the number missing within this sequence? 4, 7, 11, 18, 29, 47, __, 123, 199, 322.

LAST WEEK'S RIDDLE: Wilson, Xavier, Yolanda, and Zach are standing in line at the market. See if you can figure out their order from these clues: Yolanda is between Wilson and Xavier, Zach is next to Wilson, and Xavier is not first.

ANSWER: Zach is first, Wilson is second, Yolanda is third, and Xavier is fourth.

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CITATIONS:

1. The Wall Street Journal, April 29, 2022
2. The Wall Street Journal, April 29, 2022
3. The Wall Street Journal, April 29, 2022
4. CNBC, April 28, 2022



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