

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

Weekly Economic Update

Presented by DSA Financial Group, 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%.^{1,2,3}

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.⁴

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.⁵

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.

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.

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)

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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Know someone who could use information like this?

Please feel free to send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

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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.

U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

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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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