CETERA® INVESTMENT MANAGEMENT

# WEEKLY RECAP

May 23-27, 2022 Recap

## Stocks Broadly Rebound

### *S&P 500 Breaks Seven-Week Losing Streak*

The S&P 500 surged nearly 2.5% last Friday, capping its strongest weekly gain since early November 2020 and ended a brutal seven-week losing streak that almost ended its bull market. All eleven sector groups and nearly every major asset class posted a weekly gain, a market accolade not seen since December. Solid earnings from retailers (excluding big box retailers) as well as the recent inflation report, that showed prices could be easing, lifted investor sentiment. Moreover, investors welcomed an inflation-adjusted April consumer spending report that rose the most in three months, signaling that households were holding up well.

### *For the Week…*

The S&P 500 snapped its longest stretch of weekly declines in a decade, rebounding 6.62%. The Dow Jones Industrial Average gained 6.24%, ending eight straight weekly declines and the Nasdaq Composite surged 6.85%.

### *Consumer Sentiment Tumbles*

The University of Michigan's final May index reading of consumer sentiment declined to a decade low of 58.4 from a preliminary 59.1 level reported earlier. The final April reading was 65.2. Households turned starkly pessimistic in their short and longer-term views for the economy as the Current Conditions component fell to a 13-year low of 63.3 while Future Conditions fell to 55.2.

### *Consumer Discretionary Outperforms Last Week*

All 11 major sector groups posted gains last week. The rebound was led by Consumer Discretionary (+9.26%), Energy (+8.21%) and Technology (+8.08%). Utilities (+5.09%), Communication Services (+3.60%) and Healthcare (+3.27%) rose the least. Energy (+61.09% YTD) continues to dominate the sector leaderboard this year, followed quite distantly by Utilities (+6.12% YTD) and Consumer Staples (-2.46% YTD).

### *Treasury Yields Ease*

Treasury prices edged higher on the week, albeit slowing markedly after Atlanta Fed President Bostic indicated policymakers may be less aggressive or pause rate hikes if inflation slows notably. The yield on benchmark 10-year Treasury notes eased to 2.743% from 2.790% the week prior. Separately, the U.S. Dollar Index (-1.44%) capped its second weekly decline after reaching a two-decade high in mid-May. WTI crude oil futures jumped to $115.07/barrel from $110.28/barrel the prior week.

## Economic Calendar

**Monday, May 30**
Markets Closed, Memorial Day Holiday.

**Tuesday, May 31**
U.S. Home Prices, Consumer Confidence.

**Wednesday, June 1**
ISM Manufacturing, JOLTS Job Openings, Fed Beige Book, Motor Vehicle Sales.

**Thursday, June 2**
Jobless Claims, ADP Private Sector Payrolls, Labor Costs & Productivity, Factory Orders.

**Friday, June 3**
Nonfarm Payrolls, Unemployment Rate, ISM Services Index.

## The Latest from @CeteraIM

Fed Seen Less Aggressive than Anticipated

Pending Home Sales Fall Sixth Month

New Home Sales Fell in April

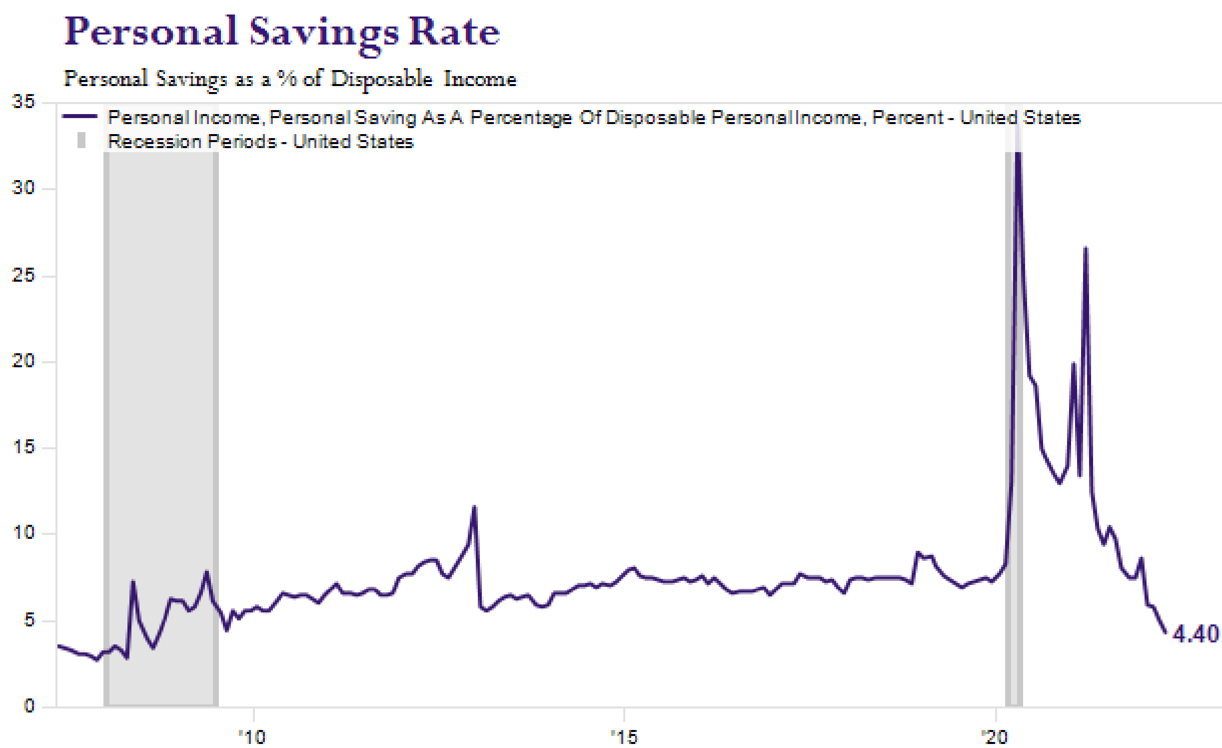
The Week Ahead Video

## Market Watch

| Stocks | 1-Week | MTD | 3-Month | YTD | 1-Year | 3-Year |
|---|---|---|---|---|---|---|
| Dow Jones Industrial Avg. | 6.24 | 0.71 | -2.48 | -8.60 | -3.82 | 9.08 |
| S&P 500 | 6.62 | 0.81 | -4.79 | -12.21 | 0.32 | 15.66 |
| NASDAQ Composite | 6.85 | -1.53 | -11.23 | -22.21 | -11.17 | 17.64 |
| Russell 3000 | 6.59 | 0.61 | -5.55 | -13.25 | -2.97 | 14.88 |
| Russell 2000 | 6.49 | 1.41 | -7.17 | -15.51 | -15.88 | 8.98 |
| MSCI EAFE | 3.48 | 0.63 | -5.21 | -11.45 | -9.56 | 5.68 |
| MSCI Emerging Markets | 0.91 | -2.82 | -10.34 | -14.63 | -19.89 | 4.17 |
| **Bonds** | **1-Week** | **MTD** | **3-Month** | **YTD** | **1-Year** | **3-Year** |
| Bloomberg US Agg Bonds | 0.78 | 1.14 | -4.66 | -8.47 | -7.77 | 0.48 |
| Bloomberg Municipal Bonds | 2.86 | 1.35 | -4.57 | -7.59 | -6.92 | 0.59 |
| Bloomberg US Corp High Yield | 3.34 | 0.18 | -4.31 | -8.05 | -5.33 | 3.13 |
| **Commodities** | **1-Week** | **MTD** | **3-Month** | **YTD** | **1-Year** | **3-Year** |
| Bloomberg Commodity | 2.57 | 3.47 | 19.32 | 35.28 | 44.60 | 20.08 |
| S&P GSCI Crude Oil | 4.34 | 9.91 | 25.64 | 53.00 | 73.57 | 25.20 |
| S&P GSCI Gold | 0.48 | -2.85 | -1.61 | 1.57 | -2.52 | 12.94 |

*Source: Morningstar*

## Chart of the Week: Savings Rates Fall



Source: Cetera Investment Management, FactSet, U.S. Bureau of Economic Analysis. Data as of 4/29/2022.

The personal savings rate fell to 4.4%, a level not seen since the Great Financial Crisis. Saving rates soared with people working from home and receiving stimulus checks, but inflation is now making it harder to continue to save. The good news is that many were able to save during the pandemic and many also refinanced their mortgages at low rates, so consumer debt as a percent of disposable income is low.

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This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow @CeteraIM on Twitter.

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***Glossary***

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government–related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE** Index is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

**The U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.