

Economic Calendar

Monday, June 6

No Major Releases.

Tuesday, June 7

U.S. Trade Deficit,
Consumer Credit.

Wednesday, June 8

Mortgage Activity,
Wholesale
Trade/Inventories.

Thursday, June 9

Jobless Claims.

Friday, June 10

Consumer Prices, Hourly
Earnings, Consumer
Sentiment.

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WEEKLY RECAP

May 31- June 3, 2022 Recap

Stocks Fall After Strong Week

Good News Becomes Bad News

Positive economic news from the manufacturing sector and labor market had investors rethinking the Federal Reserve's future interest rate hikes. Many investors had become increasingly comfortable with the Fed's somewhat dovish tone, but the strong economic data could give the U.S. central bank more room to be aggressive and hike rates faster than previously expected. Only adding fuel to these hawkish fears, oil prices surged adding to inflationary pressures, which the Fed must fight. Stock and bond markets recalibrated to these reports and both stock and bond markets gave back some recent gains.

For the Week...

After snapping its longest stretch of weekly declines in a decade the week before, the S&P 500 fell again this past week, losing 1.15%. The Dow Jones Industrial Average lost 0.83%, and the Nasdaq Composite lost 0.96%. While the indexes gave a little back, all three indexes were up over 6% the week prior to last week.

Strong Payroll Gains

The labor market expanded faster than expected in May. Nonfarm payrolls increased by 390,000 versus expectations for an increase of 323,000. Overall, it was a strong jobs report led by growth in service-provider hiring. Leisure and hospitality had the largest increase in jobs of any sector (+84,000).

Energy Sector Outperforms

Three of the 11 major sector groups posted gains last week. The rebound was led by Energy (+1.20%), Consumer Discretionary (+0.11%) and Industrials (+0.09%). Financials (-2.05%), Real Estate (-2.20%) and Health Care (-3.13%) were down the most. Year-to-date, Energy (+63.03%), Utilities (+4.71% YTD) and Materials (-3.97% YTD) are the top performers.

Treasury Yields Jump

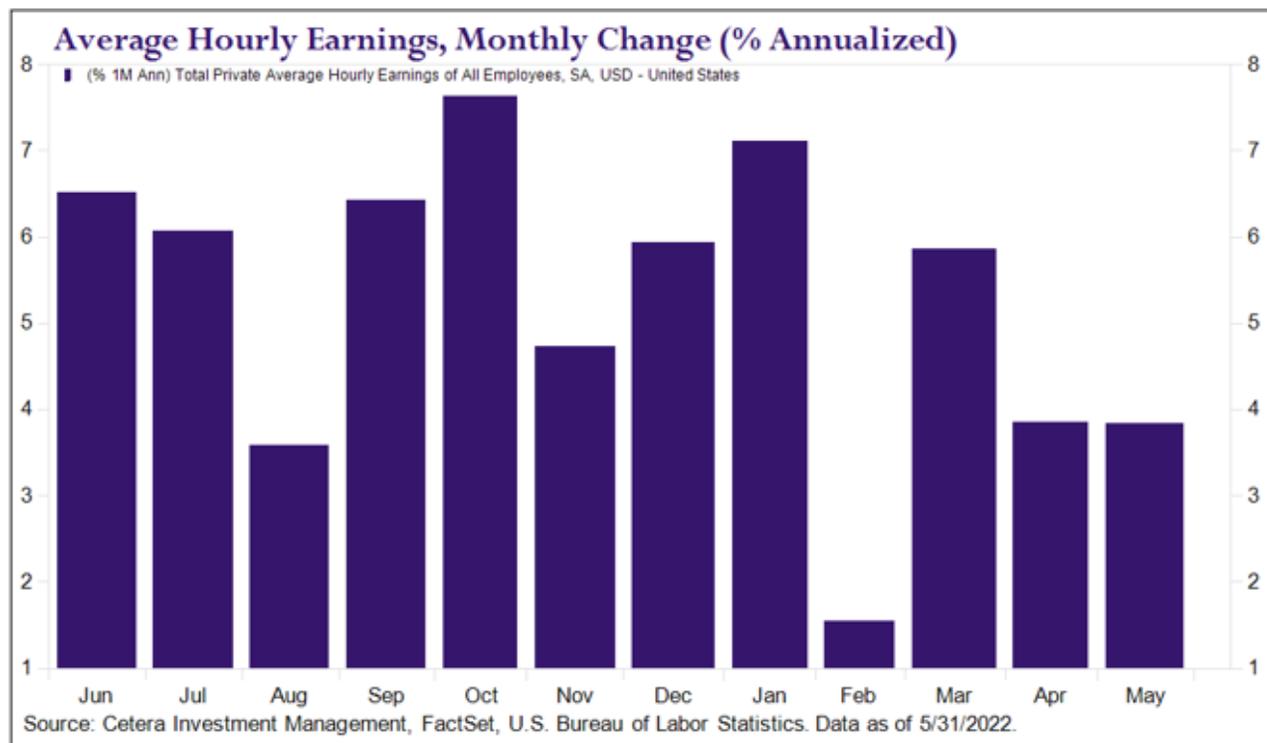
Treasury bond prices have been falling and their yields rising as strong employment data and inflation weighed on investors' minds. Inflation seems to have peaked but remains high. The yield on 10-year Treasury notes rose to 2.96% from 2.74% the week prior. Separately, the U.S. Dollar Index rose 0.46% to break its two consecutive weeks of declines. WTI crude oil futures jumped to \$118.87/barrel from \$115.07/barrel the prior week.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-0.94	-0.27	-2.65	-9.46	-4.85	9.85
S&P 500	-1.15	-0.54	-5.46	-13.23	-0.60	16.33
NASDAQ Composite	-0.96	-0.55	-11.08	-22.96	-11.17	18.86
Russell 3000	-1.08	-0.35	-6.07	-14.19	-3.75	15.55
Russell 2000	-0.22	1.04	-7.01	-15.70	-16.45	9.97
MSCI EAFE	-0.28	-0.40	-2.37	-11.70	-11.14	6.15
MSCI Emerging Markets	1.77	-1.53	-8.82	-13.11	-21.51	4.09
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	-0.88	-0.39	-5.94	-9.28	-8.36	-0.23
Bloomberg Municipal Bonds	0.32	0.18	-4.20	-7.30	-6.71	0.53
Bloomberg US Corp High Yield	-0.35	-0.41	-4.84	-8.37	-5.84	3.23
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-0.02	1.89	9.07	35.25	43.90	20.69
S&P GSCI Crude Oil	3.30	3.66	10.40	58.05	72.82	30.68
S&P GSCI Gold	-0.38	0.10	-4.43	1.18	-1.23	11.69

Source: Morningstar

Chart of the Week: Slowing Wage Growth



The May jobs report showed the economy added a better-than-expected 390,000 jobs last month, but it also signaled another leg down in the pace of inflation. Average hourly earnings rose 0.3% in May, or 3.8% annualized. Year-over-year wage growth was 5.2% last month, but that figure is slowing from a 2022 peak of 5.6% in March. A slower pace of wage growth may aid in the overall rate of inflation falling in the months ahead.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](https://twitter.com/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.