

Economic Calendar

Monday, June 13

NY Fed Inflation
Expectations.

Tuesday, June 14

Small Business Optimism,
Producer Prices.

Wednesday, June 15

Retail Sales, Import/Export
Prices, Empire State Mfg,
Housing Market Index,
Business Inventories,
FOMC Rate/Policy
Decisions.

Thursday, June 16

Jobless Claims, Housing
Starts/Permits.

Friday, June 17

Industrial Production,
Leading Economic
Indicators.

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[Volatility in Spades](#)

[Wage Growth Trails
Inflation](#)

[Jobless Claims Rise](#)

[The Week Ahead Video](#)

WEEKLY RECAP

June 6-10, 2022 Recap

Second Worst Week of the Year

Inflation Sidelines More Bulls

The S&P 500 capped its ninth weekly decline in the last 10 weeks after Friday's unexpectedly red-hot May CPI reading. The headline consumer price index climbed to 8.6% from a year ago, up from 8.3% for April and 8.5% in March. The increase dashed Wall Street's hope that inflation had peaked and fueled fears the Federal Reserve may have to respond more aggressively in combatting inflation.

For the Week...

The S&P 500 posted its second worst week this year, falling 5.04% while the Dow Jones Industrial Average slumped 4.58%. Tech shares were again among the biggest decliners, sending the Nasdaq Composite to tumble 5.59%.

Consumer Sentiment Drops

The University of Michigan reported Friday that its preliminary June consumer sentiment index fell to 50.2 from 58.4 in May. The figure was notably weaker than most all economists' estimates which had a median forecast for a much smaller decline to 58.1.

Energy Sector Again Outperforms

All 11 major sector groups posted losses last week. Financials (-6.75%), Technology (-6.37%) and Real Estate (-6.09%) were the biggest sector losers, while Energy (-0.84%), Consumer Staples (-2.59%) and Healthcare (-3.38%) fell the least. Year-to-date, Energy (+61.67%) and Utilities (+0.42%) are the only remaining sectors with positive performance this year.

Treasury Yields Jump

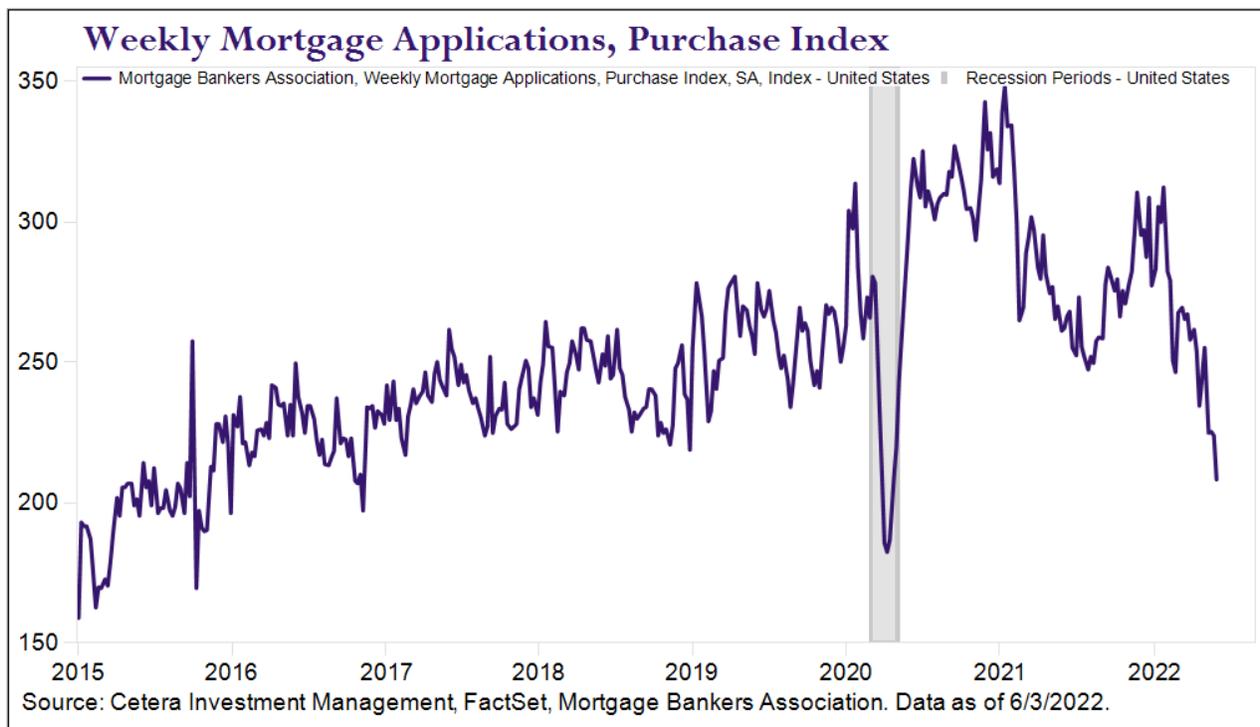
Treasury bond prices fell more aggressively last week, as expectations grow for one 3/4-point Fed rate hike move at least at one of the next three FOMC policy meetings. The yield on 10-year Treasury notes jumped to 3.157% from 2.96% the week prior. Separately, the U.S. Dollar Index surged 1.97% last week and U.S. WTI crude oil futures jumped to \$120.67/barrel from \$118.87 the prior week.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-4.58	-4.84	-5.37	-13.61	-8.92	6.40
S&P 500	-5.04	-5.55	-8.06	-17.60	-6.65	12.41
NASDAQ Composite	-5.59	-6.11	-13.45	-27.26	-18.57	14.10
Russell 3000	-5.01	-5.34	-8.60	-18.49	-9.74	11.72
Russell 2000	-4.37	-3.38	-10.20	-19.39	-21.23	7.04
MSCI EAFE	-4.65	-5.03	-4.58	-15.80	-16.05	3.42
MSCI Emerging Markets	-0.53	-2.06	-3.64	-13.58	-21.70	3.41
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	-1.52	-1.90	-6.21	-10.65	-10.56	-0.68
Bloomberg Municipal Bonds	-1.00	-0.81	-4.17	-8.22	-8.15	0.18
Bloomberg US Corp High Yield	-2.33	-2.73	-5.49	-10.50	-8.50	1.98
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	1.23	3.15	8.46	36.92	42.96	21.39
S&P GSCI Crude Oil	-0.20	3.45	14.51	57.73	69.22	30.52
S&P GSCI Gold	1.37	1.47	-6.40	2.56	-1.10	12.16

Source: Morningstar

Chart of the Week: Mortgage Applications Rapidly Declining



Housing activity is rolling over fast, driven by a surge in borrowing costs this year. Mortgage purchase applications fell 7.1% last week and 21% year-over-year. Excluding the economic shutdown in April 2020, purchase applications are at the lowest level since November 2016. The average 30-year mortgage rate for purchase applications has risen from 3.3% at the start of the year to 5.4%. The sharp rise in rates has eroded affordability for prospective home buyers.

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.