

## Economic Calendar

### Monday, July 4

Independence Day Holiday,  
All Markets Closed.

### Tuesday, July 5

Durable/Capital Goods  
Orders.

### Wednesday, July 6

Mortgage Activity, ISM/S&P  
Global U.S. Services PMIs,  
JOLTS Job Openings,  
FOMC Meeting Minutes.

### Thursday, July 7

Jobless Claims, U.S. Trade  
Deficit.

### Friday, July 8

Nonfarm Payrolls,  
Unemployment Rate,  
Wholesale Trade  
Sales/Inventories.

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# WEEKLY RECAP

June 27- July 1, 2022 Recap

## Stocks Fall After Positive Week

### *Investor Bearishness Continues*

U.S. equity markets gave back some gains from last week as investors fear a possible recession and Fed tightening. However, going into the long weekend the S&P 500 did pare some losses, gaining 1.06%. During the week, reports showed that manufacturing data and consumer confidence weakened, and second quarter GDP forecasts fell. The good news may be investors are increasing talking about capitulation as bearish sentiment seems to be peaking.

### *For the Week...*

The S&P 500 retreated 2.18% last week, after jumping nearly 6.5% the week prior. The Dow Jones Industrial Average lost 1.28% while the tech-heavy Nasdaq Composite fell the most, dropping 4.12%.

### *Consumer Spending Softens*

The pace of U.S. personal spending growth slowed to 0.2% in May, half the expected increase and down from a downwardly revised 0.6% pace in April. Real spending adjusted for inflation fell by 0.4% last month. The good news, however, is the core PCE price index (the Fed's preferred measure of inflation) rose 0.3%, less than expected.

### *Utilities Perform Best*

Seven of the 11 major sector groups posted gains last week with Utilities (+4.14%), Energy (+1.36%) and Health Care (+0.42%) leading the way. Consumer Discretionary (-4.69%), Communication Services (-4.54%) and Information Technology (-4.47%) declined the most. Energy (+33.74%) is still this year's top performing sector, while Utilities (+1.94%) is the only other positive sector on the year.

### *Treasury Yields Drop*

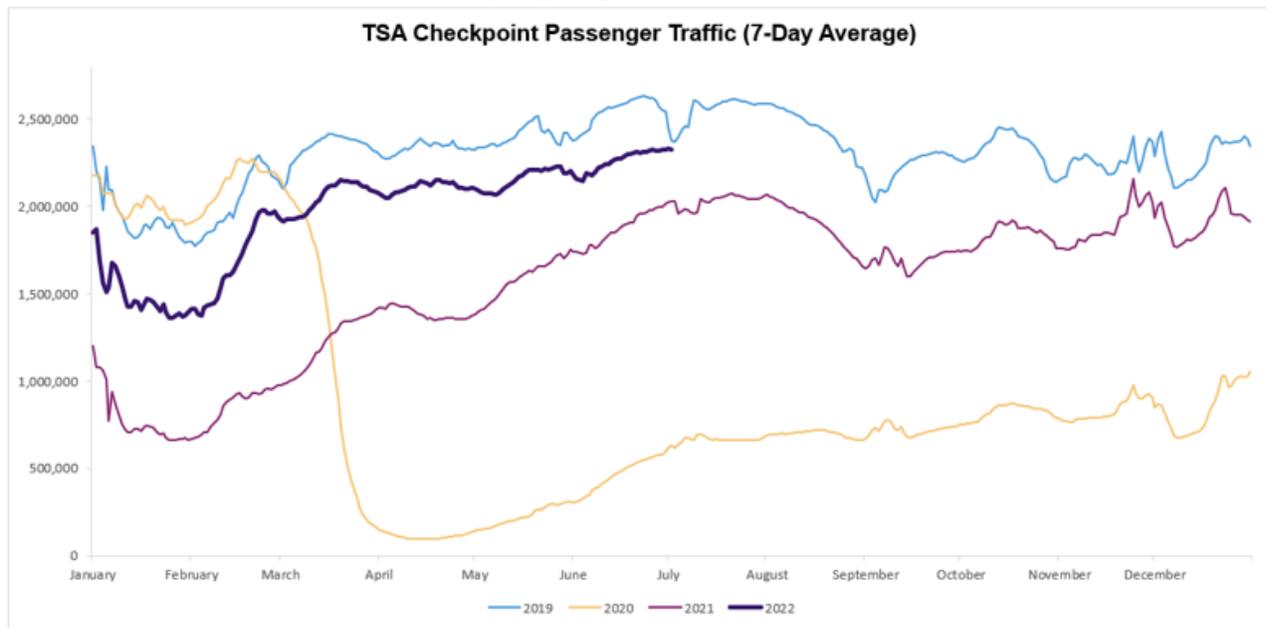
Treasury bond yields continued their decline. The 10-year Treasury finished the week prior at 3.13% but rose to 3.20% early in the week before dropping significantly to end the week at 2.88%. These are large moves in Treasury yields. Since bond prices move inversely to yields, long-term U.S. government bonds rose around 2.5% last week.

## Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-1.28	1.05	-10.69	-14.42	-10.22	5.19
S&P 500	-2.18	1.06	-15.50	-19.11	-10.15	10.70
NASDAQ Composite	-4.12	0.90	-21.81	-28.60	-22.85	12.12
Russell 3000	-2.29	1.14	-16.12	-20.20	-13.32	9.92
Russell 2000	-2.09	1.16	-17.07	-22.54	-24.95	4.54
MSCI EAFE	-2.19	-0.76	-14.75	-20.18	-18.56	0.65
MSCI Emerging Markets	-1.58	-0.78	-12.45	-18.27	-25.54	0.01
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	1.27	0.61	-3.86	-9.81	-9.71	-0.69
Bloomberg Municipal Bonds	0.72	0.36	-2.59	-8.66	-8.27	-0.06
Bloomberg US Corp High Yield	-1.63	0.19	-9.53	-14.03	-12.78	0.20
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-3.42	0.07	-5.19	18.52	24.18	14.65
S&P GSCI Crude Oil	0.75	2.52	9.23	44.17	44.17	22.42
S&P GSCI Gold	-1.57	-0.32	-6.35	-1.48	1.39	9.04

Source: Morningstar

## Chart of the Week: Air Travel Flying Higher



Source: Cetera Investment Management, Transportation Security Administration (TSA). Data as of 7/2/2022.

Air travel reached a new pandemic high last week, with 2.5 million passengers passing through TSA airport checkpoints in a single day. Air travel continues to advance higher despite business travel remaining subdued relative to pre-pandemic levels. Consumer spending growth has shifted away from goods and towards service sectors like travel. While the seven-day average of TSA checkpoint passthroughs remains below the 2019 pre-pandemic level, air passenger traffic is 15% above last year's level.

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 USD<sub>X</sub> or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.