

*In this week's recap: Earnings season begins.*

# Weekly Economic Update

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*Presented by Midland Wealth Management, April 18, 2022*

## THE WEEK ON WALL STREET

Stocks posted losses in a holiday-shortened trading week as the first-quarter earnings season kicked off and investors digested new inflation data.

The Dow Jones Industrial Average declined 0.78%, while the Standard & Poor's 500 fell 2.13%. The Nasdaq Composite index dropped 2.63% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, lost 1.20%.<sup>1,2,3</sup>

## WATCHING BONDS

Stocks began the week moving lower as bond yields climbed higher, with growth stocks suffering some of the steepest declines. Investors considered China's ongoing lockdown warily, worried it might worsen supply-chain issues.

Historically high consumer and producer price inflation reports were shrugged off by the stock and bond markets in the main, with bond yields slipping despite the hot inflation numbers. Despite an encouraging start to the first-quarter earnings season, stocks pulled back on Friday as bond yields resumed their move higher ahead of a three-day holiday weekend.

## AN EYE ON INFLATION

On Tuesday, March's Consumer Price Index (CPI) report offered little indication that inflation may be moderating, as prices increased 8.5% year-over-year, the fastest pace in 40 years. Core inflation, excluding food and energy prices, recorded a 6.5% jump, the steepest rise since August 1982. One encouraging note was that core inflation showed potential signs of ebbing, posting a monthly increase of 0.3% versus expectations of a 0.5% increase.<sup>4</sup>

The following day, March's Producer Price Index, a potential insight into future inflation, rose 11.2% year-over-year. A March survey by the National Federation of Independent Business

released earlier in the week, indicated that half of the respondents were likely to raise prices in the next three months.<sup>5</sup>

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#### TIP OF THE WEEK



*Self-employed? Have your accountant look at your balance sheet and profit-and-loss statement before the year ends. Some tax-saving strategies may come to mind, and an up-to-date set of books means less work for your tax preparer.*

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#### THE WEEK AHEAD: KEY ECONOMIC DATA

**Tuesday:** Housing Starts.

**Wednesday:** Existing Home Sales.

**Thursday:** Jobless Claims. Index of Leading Economic Indicators.

**Friday:** Purchasing Managers' Index (PMI) Composite Flash.

Source: Econoday, April 14, 2022

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

**Monday:** Bank of America Corporation (BAC), J.B. Hunt Transport Services, Inc. (JBHT).

**Tuesday:** Netflix, Inc. (NFLX), Johnson & Johnson (JNJ), International Business Machines Corporation (IBM), Lockheed Martin Corporation (LMT), Prologis, Inc. (PLD).

**Wednesday:** Tesla, Inc. (TSLA), The Procter & Gamble Company (PG), Lam Research Corporation (LRCX), CSX Corporation (CSX).

**Thursday:** AT&T, Inc. (T), United Airlines Holdings, Inc. (UAL), Snap, Inc. (SNAP), Blackstone, Inc. (BX), Union Pacific Corporation (UNP), Dow, Inc. (DOW).

**Friday:** Verizon Communications, Inc. (VZ), American Express Company (AXP), KimberlyClark Corporation (KMB).

Source: Zacks, April 14, 2022

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.

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#### QUOTE OF THE WEEK

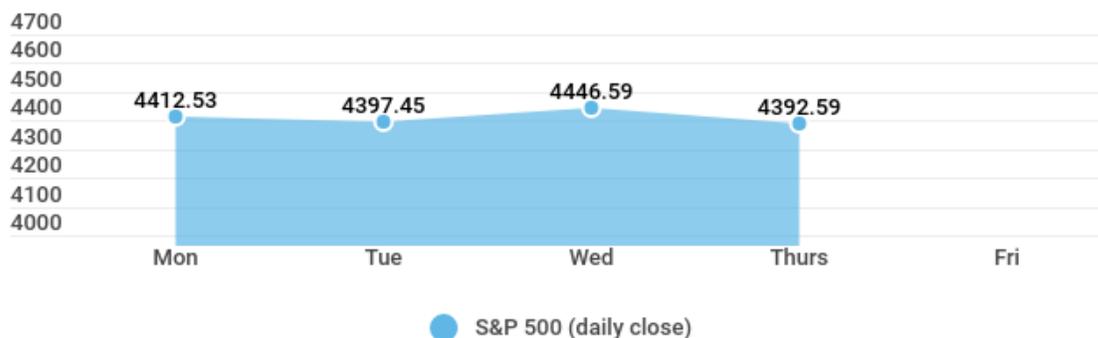


*“You can’t use up creativity. The more you use, the more you have.”*

MAYA ANGELOU

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Market Index	Close	Week	Y-T-D
DJIA	34,451.23	-0.78%	-5.19%
NASDAQ	13,351.08	-2.63%	-14.66%
MSCI-EAFE	2,113.90	-1.20%	-9.51%
S&P 500	4,392.59	-2.13%	-7.84%



Treasury	Close	Week	Y-T-D
10-Year Note	2.83%	+0.11%	+1.31%

Sources: The Wall Street Journal, April 14, 2022; Treasury.gov, April 14, 2022

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, April 8, to Thursday, April 14, close. Weekly performance for the MSCI-EAFE is measured from Friday, April 8, open to Wednesday, April 13, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## THE WEEKLY RIDDLE



*How much dirt is in a 2-foot diameter hole that is 4 feet deep?*

*LAST WEEK'S RIDDLE: When you take away the whole from this, you still have some leftover. What is it?*

ANSWER: *Wholesome.*

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Midland Wealth Management may be reached at 1-888-637-2120 or  
[midlandsb.com/wealthmanagement](https://midlandsb.com/wealthmanagement).

Please mark [wealthmanagement@mkt-midlandsb.com](mailto:wealthmanagement@mkt-midlandsb.com) as an approved sender in your email to receive our communications.

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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, April 14, 2022
2. The Wall Street Journal, April 14, 2022
3. The Wall Street Journal, April 14, 2022

4. CNBC, April 12, 2022

5. The Wall Street Journal, April 13, 2022