

*In this week's recap: Inflation and Ukraine rattle investors another week.*

# Weekly Economic Update

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*Presented by Midland Wealth Management, February 21, 2022*

## THE WEEK ON WALL STREET

Stocks closed lower for the week as escalating tensions on the Russian-Ukrainian border added to existing jitters over higher inflation and a pending tightening of monetary policy.

The Dow Jones Industrial Average slid 1.90%, while the Standard & Poor's 500 declined 1.58%. The Nasdaq Composite index lost 1.76% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, fell 1.00%.<sup>1,2,3</sup>

## GEOPOLITICAL TENSIONS

Markets have been skittish in recent weeks due to persistent, elevated inflation and the uncertainty over how aggressive the Federal Reserve may be with its monetary tightening. As tensions escalated between Russia and the West over a possible Russian invasion of Ukraine, investors moved away from risk assets, such as stocks, and sought the safety of U.S. Treasury bonds.

Stocks were hard hit on Thursday as reports surfaced that both sides were exchanging artillery fire. The slide continued on Friday as prospects of a diplomatic offramp appeared to dim. While geopolitical news dominated trading last week, investors were relieved by the Federal Open Market Committee meeting minutes (released on Wednesday) that suggested the Fed may not act any more aggressively than current market expectations.<sup>4</sup>

## AN EARLY ECONOMIC SNAPSHOT

Last week three economic reports provided an update on the state of the economy. The first was the Producer Price Index, which suggested that inflationary pressures remain acute. Wholesale prices rose 1.0% last month and posted a 12-month rise of 9.7%, the latter of which was near a record high.<sup>4</sup>

The consumer showed continued strength as retail sales rose a better-than-expected 3.8%, though some of that gain may be due to higher costs. Meanwhile, industrial production gained 1.4%, nearly triple the consensus expectation. Capacity utilization increased 1.0 percent, reaching its highest level since March 2019.<sup>5</sup>

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#### TIP OF THE WEEK



*Some companies match employee retirement plan contributions. If your budget allows, contribute enough to qualify for the match.*

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#### THE WEEK AHEAD: KEY ECONOMIC DATA

**Tuesday:** Purchasing Managers' Index (PMI) Flash. Consumer Confidence.

**Thursday:** Gross Domestic Product (GDP). Jobless Claims. New Home Sales.

**Friday:** Consumer Sentiment. Durable Goods Orders.

Source: Econoday, February 18, 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

**Tuesday:** The Home Depot, Inc. (HD), Palo Alto Networks, Inc. (PANW), Agilent Technologies, Inc. (A).

**Wednesday:** Lowe's Companies, Inc. (LOW), The TJX Companies, Inc. (TJX), eBay, Inc. (EBAY), Booking Holdings, Inc. (BKNG).

**Thursday:** Block, Inc. (SQ), Dell Technologies, Inc. (DELL), VMware, Inc. (VMW), Ingersoll Rand, Inc. (IR), AnheuserBusch InBev (BUD).

**Friday:** Berkshire Hathaway, Inc. (BRK.B), EOG Resources, Inc. (EOG).

Source: Zacks, February 18, 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

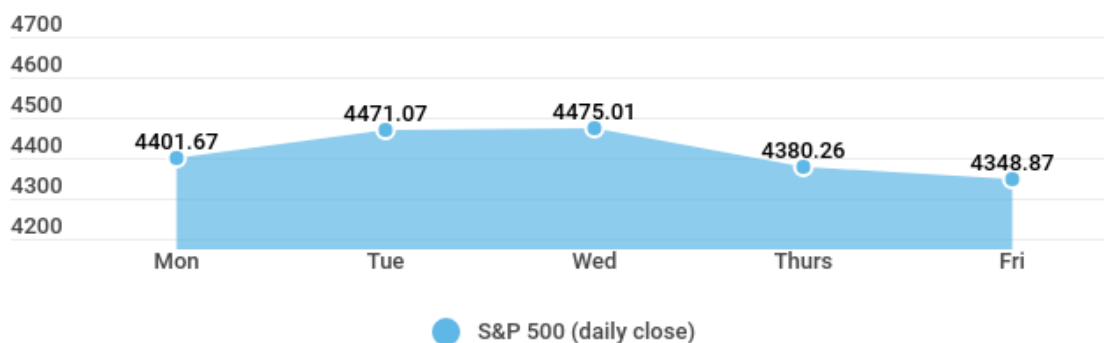



*“Life is either a daring adventure, or nothing.”*

HELEN KELLER

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Market Index	Close	Week	Y-T-D
DJIA	34,079.18	-1.90%	-6.22%
NASDAQ	13,548.07	-1.76%	-13.40%
MSCI-EAFE	2,256.56	-1.00%	-3.40%
S&P 500	4,348.87	-1.58%	-8.76%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.92%	+0.00%	+0.40%

Sources: The Wall Street Journal, February 18, 2022; Treasury.gov, February 18, 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, February 11, to Friday, February 18, close.

Weekly performance for the MSCI-EAFE is measured from Friday, February 11, open to Thursday, February 17, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## THE WEEKLY RIDDLE



*You go in through one hole, you come out through three holes.  
Once you're inside you're ready to go outside, but once you're  
outside you're still inside. What is it?*

*LAST WEEK'S RIDDLE: What is the smallest number of cars that can be driven down the road in this formation: two cars ahead of a car, two cars behind a car, and a car between two cars?*

*ANSWER: Three cars. One car in front, one in the middle, and one behind.*

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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, February 18, 2022
2. The Wall Street Journal, February 18, 2022
3. The Wall Street Journal, February 18, 2022
4. CNBC, February 15, 2022
5. CNBC, February 16, 2022