

*In this week's recap: Russian invasion of Ukraine causes rocky week for markets.*

# Weekly Economic Update

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*Presented by Midland Wealth Management, February 28, 2022*

## THE WEEK ON WALL STREET

Investors rode a rollercoaster of emotions as rising hostilities at the Russian-Ukrainian border sent stocks sharply lower before a powerful late-week rally erased early losses.

The Dow Jones Industrial Average was flat (-0.06%), while the Standard & Poor's 500 edged higher by 0.82%. The Nasdaq Composite index gained 1.08% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, lost an eye-catching 5.72%.<sup>1,2,3</sup>

## GEOPOLITICAL EVENTS

The build-up to Russia's eventual invasion of Ukraine triggered elevated market volatility, resulting in broad-based selling that sent the S&P 500 into correction territory as the holiday-shortened week of trading began.<sup>4</sup>

The sell-off culminated on Thursday morning following the overnight incursion of Russian troops into Ukrainian territory, though markets staged a powerful late-day recovery that coincided with President Biden's announcing fresh sanctions against Russia. The afternoon rebound was remarkable, as the S&P 500 ended 1.5% higher after being down more than 2.6%, while the Nasdaq Composite closed 3.3% higher after dropping nearly 3.5% intraday. Thursday afternoon's momentum continued into Friday as stocks rallied to end the week in positive territory.<sup>5</sup>

## INVASION IMPLICATIONS

Setting aside the more important aspects of the human cost and damage to world order, Russia's invasion of Ukraine introduced an acute layer of uncertainty into many layers of the financial markets. The immediate repercussion was the impact on global economic recovery due to rising energy prices, which reduce consumers' discretionary spending and saddle businesses with higher costs.

The inflationary impact of higher energy and other prices, along with the prospect of decelerating economic growth, also complicates the Fed's strategy to guide interest rates higher. Already, the probability of a 50 basis point interest rate hike at the Fed's March 2022 meeting seems less likely than it was just a week ago. Finally, Russia's actions have raised new concerns over second-order effects that could further unsettle markets, such as a new round of supply-chain disruptions.

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#### TIP OF THE WEEK



*Always explore the alternatives before you make a big-ticket purchase. A few minutes of online searching may bring you exactly what you want (or close) at considerable savings.*

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#### THE WEEK AHEAD: KEY ECONOMIC DATA

**Tuesday:** ISM (Institute for Supply Management) Manufacturing Index.

**Wednesday:** ADP (Automated Data Processing) Employment Report.

**Thursday:** Factory Orders. Jobless Claims. ISM (Institute for Supply Management) Services Index.

**Friday:** Employment Situation.

Source: Econoday, February 25, 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:** Lucid Group, Inc. (LCID), Zoom Video Communications, Inc. (ZM).

**Tuesday:** Salesforce.com, Inc. (CRM), Target Corporation (TGT), Ross Stores, Inc. (ROST).

**Wednesday:** Dollar Tree, Inc. (DLTR), Snowflake, Inc. (SNOW).

**Thursday:** Broadcom, Inc. (AVGO), Costco Wholesale Corporation (COST), Best Buy Co., Inc. (BBY), Marvell Technology, Inc. (MRVL), The Kroger Company (KR).

Source: Zacks, February 25, 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

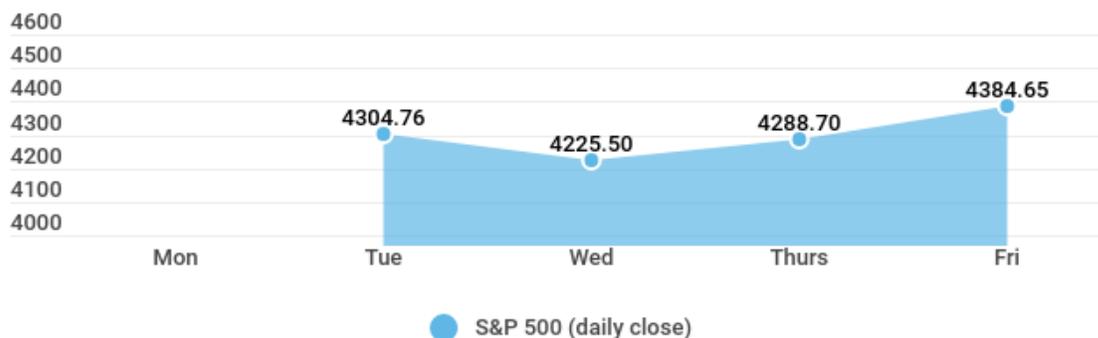


*“Who are wise in love, love most, say least.”*

*ALFRED, LORD TENNYSON*

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Market Index	Close	Week	Y-T-D
DJIA	34,058.75	-0.06%	-6.27%
NASDAQ	13,694.62	+1.08%	-12.47%
MSCI-EAFE	2,108.09	-5.72%	-9.76%
S&P 500	4,384.65	+0.82%	-8.00%



Treasury	Close	Week	Y-T-D
10-Year Note	1.97%	+0.05%	+0.45%

Sources: The Wall Street Journal, February 25, 2022; Treasury.gov, February 25, 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 18, to Friday, February 25, close.

Weekly performance for the MSCI-EAFE is measured from Friday, February 18, open to Thursday, February 24, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## THE WEEKLY RIDDLE



*You have a can of soda in your hand and someone tells you to drink the bottom half of it first. How can you do that?*

*LAST WEEK'S 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?*

*ANSWER: A Sweater.*

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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 market indexes discussed are unmanaged, and generally, considered representative of their respective markets. Index performance is not indicative of the past performance of a particular investment. Indexes do not incur management fees, costs, and expenses. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results.

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 25, 2022
2. The Wall Street Journal, February 25, 2022
3. The Wall Street Journal, February 25, 2022
4. The Wall Street Journal, February 22, 2022
5. The Wall Street Journal, February 24, 2022