

THE WEEK IN REVIEW

U.S. stocks extended declines for another week amid investors' ongoing concerns about the economic impact from heightened inflation and more aggressive Federal Reserve rate hikes. The S&P 500 fell for a seventh consecutive week. This was the index's longest weekly losing streak since the technology sector bubble burst in the early 2000s and only the sixth occurrence of a seven-week losing streak in the last 80 years. The sell-off intensified mid-week after retailers Walmart (WMT) and Target (TGT) reported disappointing quarterly earnings attributed to high inflation, rising labor costs, and supply-chain disruptions. Many other retailers including Costco (COST), Best Buy (BBY), and Macy's (M) fell around 20% or more this week as the earnings results from TGT and WMT contributed to concerns that inflation is impacting corporate profits. Fed Chair Jerome Powell said on Tuesday that policymakers will keep raising rates until "...inflation (comes) down in a clear and convincing way..."

China's central bank unexpectedly reduced a key mortgage interest rate on Friday when it cut its five-year prime loan rate, a key reference rate for home mortgages, from 4.60% to 4.45%. The People's Bank of China made the cut to stoke real estate demand during a period of weaker economic growth driven by recent COVID-19 lockdowns in Shanghai and Beijing. Housing sales in 23 major Chinese cities fell 33% earlier this month as lockdowns disrupted the housing market.

Sales of previously owned homes in the U.S. fell 2.4% in April to the lowest level since the summer of 2020 but remained above pre-pandemic levels. Rising mortgage interest rates and record-high home prices have led to a slowing housing market in recent months. The average 30-year mortgage fixed interest rate has reached a multiyear high above 5%. The median price of existing homes sold last month rose 14.8% from a year ago to an all-time high of \$391,200. Housing construction starts and building permits for new construction also declined in April.

Retail sales rose 0.9% in April from the prior month, slightly less than the 1.0% economist consensus estimate. Retail sales year-over-year growth rebounded to 8.2% in April after slowing to 7.3% in March. Gasoline stations and bars and restaurants experienced the strongest pace of consumer spending growth, while consumers cut back on spending for vehicles and electronics. In another signal of economic momentum, U.S. industrial production rose 1.1% month over month in April, extending growth for a fourth consecutive month as manufacturers expand production to meet rising consumer demand.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Retail Sales (Y/Y)	8.20%	13.70%	▼
Existing Home Sales (Millions Annualized)	5.61	6.49	▼
Housing Starts (Millions Annualized)	1.72	1.67	▲
Building Permits (Millions Annualized)	1.82	1.84	▼
Industrial Production (M/M)	1.08%	0.84%	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	31261.90	-2.90%	-13.97%	-8.28%
NASDAQ	11354.62	-3.82%	-27.42%	-16.11%
S&P 500	3901.36	-3.05%	-18.14%	-6.20%
MSCI EAFE	1958.61	0.84%	-16.16%	-15.12%
Bbg Barclays Aggregate US	2131.87	0.26%	-9.48%	-8.41%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	1.01%	0.81%	0.00%
10-Year Treasury	2.79%	2.83%	1.63%

REPORTS DUE NEXT WEEK	LATEST
GDP (Q/Q Annualized)	-1.40%
Core PCE Price Index (Y/Y)	5.18%
Personal Spending (Y/Y)	9.10%
U. of Mich. Consumer Sentiment	59.10
New Home Sales (Thousands Annualized)	763.00

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.