



STILES FINANCIAL SERVICES
INCORPORATED

Stiles Financial Services, Inc
Susan Stiles, CFP®, ChFC®, AIF®, CPFA
7505 Metro Boulevard
Suite 510
Edina, MN 55439
952-988-0452
866-401-7374
info@stilesfinancial.com
stilesfinancial.com



Market Week: January 30, 2023



The Markets (as of market close January 27, 2023)

Wall Street ended last week higher on favorable inflation, economic, and corporate earnings data. Investors now must await the Federal Reserve's meeting this week to see whether the Fed will soften its policy of aggressive interest-rate hikes. Fourth-quarter corporate earnings season is wide open with roughly 68% of the companies comprising the S&P 500 reporting earnings ahead of consensus estimates. Each of the benchmark indexes listed here posted solid gains by the end of last week, led by the tech-heavy Nasdaq. Heading into the final two trading days of January, the Nasdaq has gained 11.0%, while the Russell 2000 and the Global Dow are up over 8.0%. Crude oil prices closed the week lower ahead of the upcoming OPEC+ committee meeting coupled with the European Union's ban on Russian oil products. Ten-year Treasury yields inched higher, while the dollar and gold prices slipped.

Tech shares led a stock market rally last Monday ahead of earnings reports from several major technology companies. The Nasdaq gained 2.0%, with the Russell 2000 adding 1.3% and the S&P 500 climbing 1.2%. The Dow and the Global Dow rose 0.8%. Ten-year Treasury yields gained 4.1 basis points, closing at 3.52%. Crude oil prices continued to advance, reaching \$81.69 per barrel. The dollar was flat, while gold prices advanced.

The stock rally ended last Tuesday as only the Dow and the Global Dow were able to post modest gains. The Nasdaq and the Russell 2000 slid 0.3%, while the S&P 500 dipped 0.1%. Bond prices advanced, pulling yields lower. Ten-year Treasury yields closed at 3.46%, after falling 5.6 basis points. Crude oil prices ended the day at around \$80.10 per barrel, down \$1.52 from the previous day. The dollar fell marginally, while gold prices continued to advance, gaining \$9.70 to reach \$1,938.30 per ounce.

Stocks ended last Wednesday mixed as investors sifted through a boatload of corporate earnings data. The Russell 2000 and the Global Dow eked out 0.3% gains, the Dow and the S&P 500 ended close to where they began, while the Nasdaq dipped 0.2%. The yield on 10-year Treasuries was flat, the dollar slipped lower, while gold prices climbed to \$1,946.40 per ounce. Crude oil prices rose marginally to \$80.49 per barrel.

Wall Street ended a choppy session higher last Thursday, with each of the benchmark indexes posting gains. The Nasdaq led the charge, adding 1.8%, followed by the S&P 500 (1.1%), the Russell 2000 (0.7%), and the Dow and the Global Dow (0.6%). Ten-year Treasury yields rose to 3.49%. Crude oil prices rose nearly \$1.00 to \$81.10 per barrel. The dollar inched higher, while gold prices fell for the first time in several sessions.

Stocks reversed course from the previous day, closing last Friday higher. The Nasdaq gained 1.0% to lead the benchmark indexes listed here, followed by the Russell 2000 and the Global Dow, which added 0.4%. The S&P 500 rose 0.3% and the Dow inched up 0.1%. The yield on 10-year Treasuries gained 2.5 basis points to close at 3.51%. Crude oil prices slid \$1.60, the first decline in several sessions, closing the week at \$79.41 per barrel. The dollar gained marginally, while gold prices fell for the second consecutive day.

Key Dates/Data Releases

2/1: S&P Manufacturing PMI, JOLTS, FOMC meeting statement

2/3: S&P Services PMI, employment situation

Stock Market Indexes

Market/Index	2022 Close	Prior Week	As of 1/27	Weekly Change	YTD Change
DJIA	33,147.25	33,375.49	33,978.08	1.81%	2.51%
Nasdaq	10,466.48	11,140.43	11,621.71	4.32%	11.04%
S&P 500	3,839.50	3,972.61	4,070.56	2.47%	6.02%
Russell 2000	1,761.25	1,867.34	1,911.46	2.36%	8.53%
Global Dow	3,702.71	3,927.89	4,004.70	1.96%	8.16%
Fed. Funds target rate	4.25%-4.50%	4.25%-4.50%	4.25%-4.50%	0 bps	0 bps
10-year Treasuries	3.87%	3.48%	3.51%	3 bps	-36 bps
US Dollar-DXY	103.48	101.97	101.92	-0.05%	-1.51%
Crude Oil-CL=F	\$80.41	\$81.40	\$79.46	-2.38%	-1.18%
Gold-GC=F	\$1,829.70	\$1,928.90	\$1,928.20	-0.04%	5.38%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic News

- The advance estimate of the fourth-quarter gross domestic product showed the economy accelerated at an annualized rate of 2.9%. GDP rose 3.2% in the previous quarter, after falling 1.6% and 0.6% in the first and second quarters, respectively. Personal consumption expenditures, a measure of consumer spending and a main contributor to GDP, rose 2.1% in the fourth quarter, largely due to a 2.6% increase in spending on services. Consumer spending on goods rose 1.1%. Fixed investment fell 6.7% in the fourth quarter, pulled lower by a 26.7% dip in residential fixed investment. Exports dipped 1.3% in the fourth quarter, while imports fell 4.6%. The personal consumption expenditures price index, a measure of inflation, increased 3.2%, compared with an increase of 4.7% in the third quarter.
- According to the latest report on personal income and outlays, consumer prices rose 0.1% in December, the same increase as in November. Excluding food and energy, consumer prices increased 0.3%. In December, prices for goods decreased 0.7%, while prices for services increased 0.5%. Food prices increased 0.2% and energy prices decreased 5.1%. From the same month one year ago, prices for December increased 5.0%. Prices for goods increased 4.6% and prices for services increased 5.2%. Food prices increased 11.2% and energy prices increased 6.9%. Excluding food and energy, consumer prices increased 4.4% from December 2021. Also, according to the latest personal income and outlays report for December, personal income and consumer spending slowed from November. Personal income increased 0.2% (0.3% in November), disposable personal income rose 0.3% (the same as in November), and consumer spending (as measured by personal consumption expenditures) fell 0.2% after decreasing 0.1% in November.
- Sales of new single-family homes increased for the second consecutive month in December, climbing 2.3% over the November pace. However, sales are down 26.6% from December 2021. The median sales price of new houses sold in December was \$442,100, while the average sales price was \$528,400. Inventory of new single-family homes for sale in December represented a supply of 9.0 months at the current sales pace.
- The international trade in goods deficit for December was \$90.3 billion, up 8.8% from the November deficit. Exports of goods for December were \$166.8 billion, 1.6% less than November exports. Imports of goods for December were \$257.1 billion, 1.9% more than November imports. The goods deficit decreased 10.2% from December 2021.
- New orders for manufactured durable goods rose \$15.3 billion, or 5.6%, in December. Excluding transportation, new orders decreased 0.1%. Excluding defense, new orders increased 6.3%. Transportation equipment, up four of the last five months, drove the increase, climbing \$15.5 billion, or 16.7%. Durable goods orders increased 10.5% in 2022.
- Regular retail gas prices continued to rise across the country last week, according to the U.S. Energy Information Administration. The national average retail price for regular gasoline was \$3.415 per gallon on January 23, \$0.105 per gallon above the prior week's price and \$0.092 higher than a year ago. Also, as of January 23, the East Coast price increased \$0.125 to \$3.384 per gallon; the Gulf Coast price dipped \$0.120 to \$3.092 per gallon; the Midwest price climbed \$0.099 to \$3.304 per gallon; the West





Coast price increased \$0.041 to \$4.008 per gallon; and the Rocky Mountain price advanced \$0.142 to \$3.434 per gallon. Residential heating oil prices averaged \$4.706 per gallon on January 23, \$0.108 above the previous week's price and \$1.035 per gallon more than a year ago.

- For the week ended January 21, there were 186,000 new claims for unemployment insurance, a decrease of 6,000 from the previous week's level, which was revised up by 2,000. According to the Department of Labor, the advance rate for insured unemployment claims for the week ended January 14 was 1.2%, an increase of 0.1 percentage point from the previous week's rate. The advance number of those receiving unemployment insurance benefits during the week ended January 14 was 1,675,000, an increase of 20,000 from the previous week's level, which was revised up by 8,000. States and territories with the highest insured unemployment rates for the week ended January 7 were New Jersey (2.5%), Rhode Island (2.4%), Alaska (2.3%), Minnesota (2.3%), California (2.2%), Massachusetts (2.1%), Montana (2.1%), Puerto Rico (2.1%), Illinois (2.0%), and New York (1.9%). The largest increases in initial claims for unemployment insurance for the week ended January 14 were in California (+3,867), Kentucky (+2,599), Puerto Rico (+713), Virginia (+698), and Maryland (+446), while the largest decreases were in New York (-17,408), Michigan (-5,504), Georgia (-4,823), Wisconsin (-4,055), and New Jersey (-3,822).

Eye on the Week Ahead

The Federal Open Market Committee meets at the beginning of the week. Most observers suggest the Fed will raise interest rates by 50 basis points, although recent economic indicators have shown inflationary pressures are slowing, which could prompt a slowdown in rate hikes. Also out this week is the January employment report. Job growth has been relatively steady over the past 12 months, with 223,000 new jobs added in December.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Forecasts are based on current conditions, subject to change, and may not come to pass. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities and other bonds fluctuates with market conditions. Bonds are subject to inflation, interest-rate, and credit risks. As interest rates rise, bond prices typically fall. A bond sold or redeemed prior to maturity may be subject to loss. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indexes listed are unmanaged and are not available for direct investment.

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