

Stocks Slump to End Bruising Month of April

It was another tough week for the stock market, putting a close to an even worse month. The S&P 500 fell 3.3% this week, which was slightly better than the 4% declines in the Nasdaq Composite (-3.9%) and Russell 2000 (-4.0%). The Dow Jones Industrial Average fell 2.5%.



Aside from brief spurts of short-covering activity, earnings relief bids, and mechanically-oriented buying, the market remained pressured by concerns about the Fed aggressively tightening policy in a low growth, high inflation environment.

The Advance GDP report had the hallmarks stagflation, although unemployment levels remain historical low: real GDP decreased at an annual rate of 1.4% in the first quarter (Briefing.com consensus +1.1%) while the GDP Chain Deflator increased by a larger-than-expected 8.0% (Briefing.com consensus +7.3%).

Pricing pressures were further illustrated by the following events:

- Apple (AAPL) warned of higher costs associated with supply chain issues for fiscal Q3; Amazon.com (AMZN) guided Q2 operating income (and revenue) below expectations.
- The PCE Price Index surged 0.9% month-over-month, which took the year-over-year rate to 6.6% from 6.3% in February.
- The Q1 Employment Cost Index increased 1.4% (Briefing.com consensus 1.1%).
- WTI crude futures rebounded above \$105.00 per barrel (\$105.03, +3.03, +3.0%).

Risk sentiment was further pressured by the mixed state of earnings when considering the results, guidance, and reactions. Meta Platforms (FB) stood out among the mega-cap earnings, rising 9% this week on better-than-feared results, but other stocks like Teladoc (TDOC) continued to get crushed on disappointing news.

Treasury yields ended the week slightly lower amid an uptick in demand. The 2-yr yield decreased three basis points to 2.69%, and the 10-yr yield decreased two basis points to 2.89%. The U.S. Dollar Index rallied 1.9% to 103.20.

Separately, Twitter (TWTR) agreed to be acquired by an entity wholly owned by Elon Musk for approximately \$44 billion, or \$54.20 per share, in cash. Mr. Musk sold over \$8 billion of Tesla (TSLA) shares this week to presumably help finance the deal.

Past performance is not a guarantee of future results. Indices are unmanaged and one cannot invest directly in an index. Diversification does not guarantee investment returns and does not eliminate the risk of loss..

Data and rates used were indicative of market conditions as of the date shown and compiled by Briefing.com. Opinions, estimates, forecasts, and statements of financial market trends are based on current market conditions and are subject to change without notice. References to specific securities, asset classes and financial markets are for illustrative purposes only and do not constitute a solicitation, offer, or recommendation to purchase or sell a security. S&P 500 Index is a market index generally considered representative of the stock market as a whole. The index focuses on the large-cap segment of the U.S. equities market. Each company's security affects the index in proportion to its market value. NASDAQ Composite Index is a market value-weighted index that measures all NASDAQ domestic and non-U.S. based common stocks listed on the NASDAQ stock market. Dow Jones Industrial Average is a widely used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue chip stocks, primarily industrials, but also includes financial, leisure and other service-oriented firms. Russell 2000 Index measures the performance of the smallest 2,000 companies in the Russell 3000 Index of the 3,000 largest U.S. companies in terms of market capitalization. MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

Park Avenue Securities LLC (PAS) is a wholly owned subsidiary of The Guardian Life Insurance Company of America (Guardian). PAS is a registered broker/dealer offering competitive investment products, as well as a registered investment advisor offering financial planning and investment advisory services. PAS is a member of FINRA and SIPC.

Provided by Briefing.com.