

Week Ending  
7/15/2022

# WEEK IN PERSPECTIVE

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## Unable to escape selling pressure as inflation remains in focus

The stock market endured another volatile week that began with three days of selling and ended with a rebound that lifted the S&P 500 off its lowest level in nearly four weeks.



Still, the benchmark index surrendered 0.9% for the week while the Nasdaq (-1.6%) underperformed and the Dow (-0.2%) finished with a slimmer loss for the week.

The market began the week on an apprehensive note, due in part to hesitation ahead of Wednesday's release of June CPI. In addition, concerns about global growth continued weighing on sentiment. Spain's Prime Minister Sanchez warned that his country is likely to see lower than expected growth in the coming months, Shell CEO warned that Europe may have to ration energy in the winter, and there were reports of a growing number of people in China boycotting their mortgage payments.

Renewed political turmoil in Italy after Prime Minister Draghi lost support of a major coalition partner briefly

drove the euro below parity against the dollar, helping the U.S. Dollar Index secure its third consecutive weekly gain with the Index reaching its highest level since September 2002.

Wednesday saw the release of the June CPI report, which showed a 1.3% month-over-month increase that lifted the yr/yr growth rate to 9.1%, a level not seen since late 1981. The food index was up 9.1% year-over-year while the energy index was up a stunning 41.6% year-over-year. Thursday's release of the June PPI report did little to soothe fears about inflation as headline PPI increased 1.1% month-over-month, lifting the yr/yr PPI rate to 11.3%, just shy of the March peak (11.5%).

Bank earnings for Q2 began coming in during the latter part of the week, starting with disappointing reports from JPMorgan Chase and Morgan Stanley. Comments from JPM CEO Dimon received a lot of attention after he expressed worries about unprecedented tightening in the face of significant global turmoil.

Equities finished their down week on a positive note, drawing some support from the preliminary University of Michigan Consumer Sentiment survey for July, which showed an improvement in sentiment due to a dip in inflation expectations after the recent drop in energy prices. This was a positive development, but it could be reversed in a flash if energy prices continue rebounding. WTI crude fell past its 200-day moving average (93.57) to a level not seen since late February on Thursday but bounced to finish Friday's session \$7.38, or 8.2%, above its low from Thursday.

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