

Stocks turned in a mixed performance last week as investors struggled with headlines suggesting that the Fed was unlikely to soon ease up on its current monetary tightening policy.

The Dow Jones Industrial Average slipped 0.13%, while the Standard & Poor's 500 rose 0.36%. The Nasdaq Composite index picked up 2.15% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, gained 0.23%.^{1,2,3}



Showing Resilience

Ahead of Friday's employment report, stocks were generally higher, highlighted by a Wednesday rally triggered by fresh earnings surprises and a better-than-expected economic report. The rally was especially notable because it occurred when multiple Fed officials said that the fight against inflation hadn't ended, perhaps throwing cold water on the idea that the Fed might pivot due to weakening economic activity and the prospect of cooling inflation.

Aside from this single day of enthusiasm, markets were a bit jittery, especially as investors monitored Speaker of the House Pelosi's visit to Taiwan. A robust employment report on Friday reinforced the idea that the Fed would likely stay the course on monetary tightening, resulting in a mixed market for the week.

Employment Report

The U.S. economy added 528,000 jobs in July, doubling the consensus expectation of 258,000. The unemployment rate ticked lower, falling from 3.6% to 3.5%. Coincident with this job creation was strong wage growth, as average hourly earnings rose 0.5% in July and 5.2% from a year ago.⁴

Leisure and hospitality, professional and business services, and healthcare lead the way in reported job gains, as seen in most sectors of the economy. Even sectors such as construction, particularly vulnerable to rising interest rates, saw job gains. The labor force participation rate moved slightly lower, slipping to 62.1%—its lowest level this year.⁵

This Week: Key Economic Data

Wednesday: Consumer Price Index (CPI). Institute for Supply Management (ISM) Services Index. Factory Orders.

Thursday: Jobless Claims. Producer Price Index (PPI).

Friday: Consumer Sentiment.

Source: Econoday, August 5, 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.

This Week: Companies Reporting Earnings

Monday: Dominion Energy, Inc. (D), Tyson Foods, Inc. (TSN).

Tuesday: Emerson Electric Co. (EMR).

Wednesday: The Walt Disney Company (DIS).

Thursday: Illumina, Inc. (ILMN).

Source: Zacks, August 5, 2022

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"People always call it luck when you've acted more sensibly than they have."

— Anne Tyler



The IRS May Send You One of Two Notices If Your Filed Returns Don't Match Their Records

Have you wondered what happens if the information on your tax return doesn't match the IRS records? The IRS mails out two notices, CP2100 and CP2100A, to banks, credit unions, businesses, and payers that may have made a mistake on their return.

The IRS mails these notices out twice a year, in September/October and April of the following year. Payers may receive a notice if their return is missing a Taxpayer Identification number, has an incorrect name, or both. The notices also tell payers that they are responsible for backup withholding.

* This information is not intended to be a substitute for specific, individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov⁶



This Cognitive Behavioral Exercise Can Help Quiet Your Negative Self-Talk

We all have that little negative voice in our head, and one of the ways to combat it is to change the way you think about situations. Stressful things will always happen, but the goal is to change your feelings about those stressful situations.

To practice this exercise, separate a piece of paper into three columns. One is for your negative thought, one is for the cognitive distortion at play, and one is for your rational response (thinking logically about how you're feeling). Here's an example:

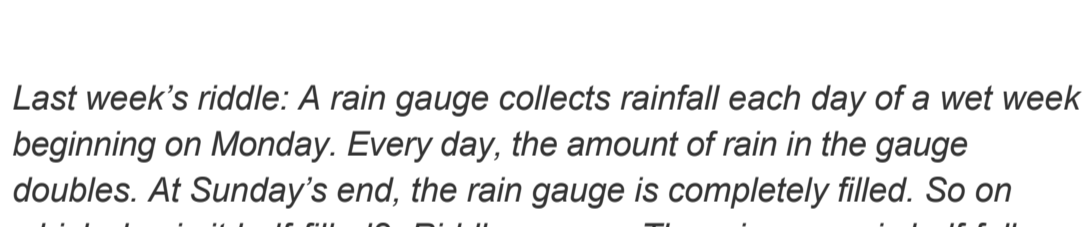
Negative thought: I did horrible on my presentation today and am getting fired.

Cognitive distortion: All or nothing thinking, jumping to conclusions

Rational response: Maybe it wasn't my best presentation, but overall the quality of my work is good

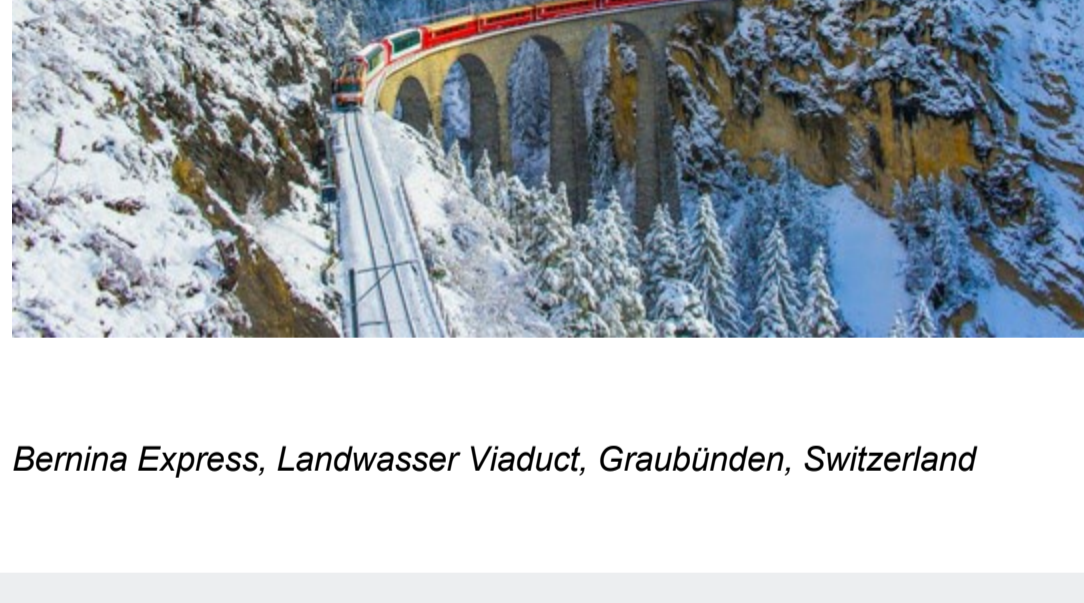
These cognitive exercises take a lot of practice but can help silence your inner critic.

Tip adapted from Healthline⁷



Just two U.S. states have capital cities whose names include the full name of the state. What states are they?

Last week's riddle: A rain gauge collects rainfall each day of a wet week beginning on Monday. Every day, the amount of rain in the gauge doubles. At Sunday's end, the rain gauge is completely filled. On which day is it half-filled? Riddle answer: The rain gauge is half-full on Saturday and the amount of rain in the gauge doubles on Sunday so it becomes completely filled.



Bernina Express, Landwasser Viaduct, Graubünden, Switzerland

Footnotes and Sources

1. The Wall Street Journal, August 5, 2022
2. The Wall Street Journal, August 5, 2022
3. The Wall Street Journal, August 5, 2022
4. CNBC, August 5, 2022
5. CNBC, August 5, 2022
6. IRS.gov, May 2, 2022
7. Healthline.com, May 26, 2022

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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 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.

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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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Brad Connors
info@iWealth4me.com
(507) 835-9111
iWealth
http://www.iWealth4me.com/

