

Weekly Investment Update

May 23, 2022

Risk assets slid lower last week as major US retailers Target and Walmart both missed earnings estimates. The poor reports contrasted Home Depot and Lowe's Q1 earnings reports, which were viewed more positively. The S&P 500 index, a proxy for US large cap stocks, dropped 3 percent for the week and the MSCI ACWI index, a proxy for large cap global stocks, fell 1.1 percent. The drop has inched both indexes to the brink of bear market territory, typically defined as a decline of 20% from most recent highs (see below).¹



Investors will be watching for earnings reports from other retailers this week, such as Costco and Best Buy, to see if there are broader concerns related to consumer spending. Consumer spending, which is a significant driver of the overall economy, has remained resilient in the face of surging inflation, falling stocks, and waning consumer and investment sentiment so far this year. However, the concern is that these factors begin to wear down consumers over time and they feel less comfortable spending money on anything other than necessities. That shift in behavior, should it occur, could prove challenging for the economy at large.²

¹ Source: [Stocks head for another potentially treacherous week, as a slew of retailers report earnings \(cnbc.com\)](https://www.cnbc.com)

² Source: [Cratering Markets Blowing a Bigger Hole in Consumer Psychology - Bloomberg](https://www.bloomberg.com)

Prices & Interest Rates

Representative Index	Current	Year-End 2021
Crude Oil (US WTI)	\$111.55	\$75.37
Gold	\$1,862	\$1,828
US Dollar	103.03	95.67
2 Year Treasury	2.60%	0.73%
10 Year Treasury	2.78%	1.52%
30 Year Treasury	2.99%	1.93%

Source: Morningstar, YCharts, and US Treasury as of May 23, 2022

Asset Class Returns

Category	Representative Index	YTD 2022	Full Year 2021
Global Equity	MSCI All-Country World	-17.0%	18.5%
Global Equity	MSCI All-Country World ESG Leaders	-18.2%	20.8%
US Large Cap Equity	S&P 500	-17.7%	28.7%
US Large Cap Equity	Dow Jones Industrial Average	-13.3%	21.0%
US Small Cap Equity	Russell 2000	-20.7%	14.8%
Foreign Developed Equity	MSCI EAFE	-14.4%	11.3%
Emerging Market Equity	MSCI Emerging Markets	-15.4%	-2.5%
US Fixed Income	Bloomberg Barclays Municipal Bond	-10.2%	1.5%
US Fixed Income	Bloomberg Barclays US Agg Bond	-9.2%	-1.5%
Global Fixed Income	Bloomberg Barclays Global Agg. Bond	-11.3%	-4.7%

Source: YCharts as of May 23, 2022

Past performance may not be representative of future results. All investments are subject to loss. Forecasts regarding the market or economy are subject to a wide range of possible outcomes. The views presented in this market update may prove to be inaccurate for a variety of factors. These views are as of the date listed above and are subject to change based on changes in fundamental economic or market-related data. Please contact your Advisor in order to complete an updated risk assessment to ensure that your investment allocation is appropriate.