

1/23/23

THE WEEK AHEAD

MAINSTREET
ADVISORS

THINGS TO WATCH

– 4Q22 EARNINGS – HEAVYWEIGHTS: Eighty-nine S&P 500 companies, or roughly 18% of its constituents, report quarterly results next week. This group punches above its weight from a market capitalization perspective, comprising almost 26% of the S&P 500's market capitalization. Six of the firms, Microsoft (MSFT), Visa (V), Johnson & Johnson (JNJ), Tesla (TSLA), Mastercard (MA), and Chevron (CVX) account for about 11% of the benchmark's weight.

– 4Q22 EARNINGS – THE "B" LIST: Key industries represented by the other 83 S&P 500 companies set to report results next week include: wireless communications (Verizon, AT&T), railroads (Union Pacific, Charleston Southern), industrial conglomerates (3M, General Electric), defense contractors (Northrop Grumman, Lockheed Martin, General Dynamics), semiconductors (Texas Instruments, Intel, Automatic Data Processing), consumer packaged goods (Colgate-Palmolive, Kimberly-Clark), consumer finance (American Express, Capital One Financial), and miners (Freeport McMoRan, Nucor).

– U.S. GDP: According to a recent Bloomberg survey of economists, the initial estimate of U.S. fourth quarter Gross Domestic Product (GDP) is expected to show the domestic economy grew at a 2.6% annualized rate in the final three months of 2022. This comes on the heels of an upwardly revised 3.2% growth rate in the third quarter.

– CENTRAL BANKS: On Wednesday, the Bank of Canada is expected to hike its benchmark lending rate by 0.25% to 4.50%. On Thursday, the Bank of Japan (BOJ) will release a summary of opinions from its policy-setting meeting earlier this month. Investors will look for hints of a tightening pivot from the BOJ amid a recent pickup in inflation. A hush will fall over the "Fedspeak" landscape as the FOMC enters a blackout period from January 21 through February 2.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
Retail Sales (M/M)	-1.1%	-0.2%	▲
Producer Price Index (Y/Y)	6.2%	8.5%	▼
Core Producer Price Index (Y/Y)	5.5%	7.2%	▼
Housing Starts (Millions Annualized)	1.38	1.47	▼
Building Permits (Millions Annualized)	1.33	1.56	▼
Existing Home Sales (Millions Annualized)	4.02	4.71	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	33375.49	-2.70%	0.69%	-3.86%
NASDAQ	11140.43	0.55%	6.44%	-21.29%
S&P 500	3972.61	-0.66%	3.47%	-11.38%
MSCI EAFE	2070.00	-0.50%	6.49%	-10.73%
Bbg Barclays Aggregate US	2117.80	0.61%	3.37%	-8.17%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	4.63%	4.25%	0.16%
10-Year Treasury	3.48%	3.68%	1.80%

REPORTS DUE THIS WEEK	LATEST
S&P Global U.S. Manufacturing PMI	46.2
S&P Global U.S. Services PMI	44.7
GDP (Q/Q Annualized)	3.2%
New Home Sales (Thousands Annualized)	640
Core PCE Price Index (Y/Y)	4.7%
U. of Mich. Consumer Sentiment	64.6

Price returns are as of 1/20/23. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

NUMBERS OF THE WEEK

10%

The contribution of "pricing" toward Procter & Gamble's (PG) year-over-year 5% organic sales growth for its fiscal second quarter 2023 ending December 31. PG's volumes declined 6% from a year ago during the period. The largest year-over-year price increases were in the company's fabric & home care (+13%), grooming (11%), and beauty (9%) segments. PG's results suggest consumers were still willing to pay up for brand name household products in the fourth quarter but are doing so in smaller purchase sizes.

36.01%

The return of the S&P 500 homebuilding sub-industry index over the roughly 13 weeks spanning October 21 through January 20. This compares to advances of 8.37% and 4.95% over this period for the broad S&P 500 and Nasdaq, respectively. The three-month rally in homebuilding stocks has occurred during a period in which the average rate on a 30-year fixed-rate mortgage in the U.S. has roughly declined from 7.0% to 6.0%.



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