

Stocks rallied last week as investor spirits lifted thanks to a better-than-expected start to the second-quarter earnings season.

The Dow Jones Industrial Average gained 1.95%, while the Standard & Poor's 500 added 2.55%. The Nasdaq Composite index jumped 3.33% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, advanced 3.54%.^{1,2,3}



Earnings Propel Stocks

Earnings season kicked off last week, with major banks reporting second-quarter results. While their results were mixed, they appeared to indicate that consumers and businesses remained reasonably healthy—a perspective that helped erase some negative sentiment overhanging the market.

As the week progressed, stocks gained momentum as earnings results poured in from different sectors of the economy, showing that businesses were navigating higher inflation and slowing growth better than investors feared. Technology and other gloomier sectors were among the market's best performers for the week. A few disappointing corporate reports and a weak economic report sent stocks lower to close out a solid week.

Cracks in the Foundation

Data released last week indicated more trouble in the housing market. The latest monthly homebuilder sentiment survey showed the single largest monthly drop in its 37-year history, except for April 2020. The sentiment report preceded a drop in June housing starts and issued building permits. Housing starts declined for the second month, falling 2.0% and surprising economists who had expected an increase.^{4,5}

Housing weakness made itself known through a 5.4% month-over-month decline in June's existing home sales, representing the slowest pace since June 2020. Increasing prices and higher mortgage rates demonstrated drags on buyer demand.⁶

This Week: Key Economic Data

Tuesday: New Home Sales.

Wednesday: FOMC Announcement. Durable Goods Orders.

Thursday: Gross Domestic Product (GDP). Jobless Claims.

Source: Econoday, July 22, 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

Tuesday: Microsoft Corporation (MSFT), General Electric Company (GE), Visa, Inc. (V), Alphabet, Inc. (GOOGL), General Motors Company (GM), The Coca Cola Company (KO), McDonald's Corporation (MCD), Archer Daniels Midland Company (ADM), 3M Company (MMM), Texas Instruments, Inc. (TXN), United Parcel Service, Inc. (UPS), KimberlyClark Corporation (KMB).

Wednesday: The Boeing Company (BA), Ford Motor Company (F), Qualcomm, Inc. (QCOM), Bristol Myers Squibb Company (BMY), Lam Research Corporation (LRCX), Shopify, Inc. (SHOP), ServiceNow, Inc. (NOW), General Dynamics Corporation (GD), Norfolk Southern Corporation (NSC).

Thursday: Apple, Inc. (AAPL), Intel Corporation (INTC), Mastercard, Inc. (MA), Pfizer, Inc. (PFE), Merck & Co., Inc. (MRK), The Southern Company (SO), Northrop Grumman Corporation (NOC), Southwest Airlines (LUV).

Friday: AbbVie, Inc. (ABBV), Exxon Mobil Corporation (XOM), Chevron Corporation (CVX), The Procter & Gamble Company (PG), ColgatePalmolive Company (CL).

Source: Zacks, July 22, 2022

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"Lots of people want to ride with you in the limo, but what you want is someone who will take the bus with you when the limo breaks down."

– Oprah Winfrey



Not All Third-Party Payroll Service Providers Are Equal

Many business owners do the necessary due diligence when hiring a company to handle payroll and payroll tax. But not all choices are the same. A business needs to pick this service wisely because it could fall out of the IRS guidelines if they don't.

To avoid missed deposits for employment taxes and other important bills, here are some choices to help ensure business owners have a trusted payroll service:

- Use a certified professional employer organization.
- Use a reporting agent.
- Enroll in the Electronic Federal Tax Payment System (EFTPS) to ensure your payroll service providers use EFTPS to max tax deposits. This free platform gives employers quick access to their payment history for deposits under their EIN.

* 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.gov⁷



Celebrate Summer With This Fresh Salad

The weather is heating up, so cool down with this tasty, healthy, fresh watermelon salad!

Ingredients

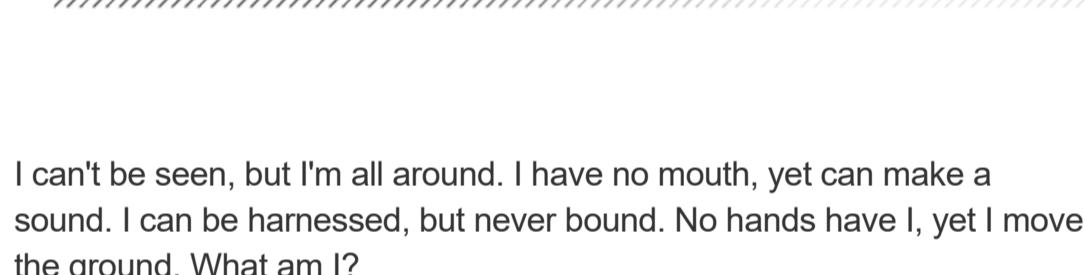
- 5 cups of cubed watermelon
- 1 cup of diced cucumber
- ¼ cup thinly sliced red onions
- ½ cup crumbled feta cheese
- 1 avocado, cubed
- ½ cup torn mint or basil leaves
- Sea salt

For the dressing

- 2 tablespoons extra-virgin olive oil
- 3 tablespoons lime juice
- ½ garlic clove, minced
- ¼ teaspoon sea salt

Whisk together all the dressing ingredients in a small bowl and set aside. Arrange the watermelon, cucumber, and red onions and drizzle with half the dressing. Then, add the feta, avocado, and mint. Drizzle with the rest of the dressing. Salt to taste and serve.

Tip adapted from Love and Lemons⁸



I can't be seen, but I'm all around. I have no mouth, yet can make a sound. I can be harnessed, but never bound. No hands have I, yet I move the ground. What am I?

Last week's riddle: You have 9 seemingly identical cubes before you. You are told that one is heavier than the other eight. Using a two-pan balance scale only twice, how can you pick out the heaviest cube?

Riddle answer: Divide the 9 cubes into 3 groups of 3. Weigh two groups. This way, you can find out which group has the heavier cube in it. Choose 2 cubes from this group and compare their weights. By deduction, you will determine the heaviest cube.



Tre Cime Di Lavaredo, Sexten Dolomites, Italy

Footnotes and Sources

1. The Wall Street Journal, July 22, 2022
2. The Wall Street Journal, July 22, 2022
3. The Wall Street Journal, July 22, 2022
4. CNBC, July 18, 2022
5. The Wall Street Journal, July 19, 2022
6. CNBC, July 20, 2022
7. IRS.gov, May 11, 2022
8. Love and Lemons, 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 technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark 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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Please consult your financial professional for additional information.

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