

Earnings Come Into Focus - Domestic Equity Update

The Wilshire 5000 Total Market Index, which includes every publicly traded U.S. company, has lost roughly \$10 trillion in value since the beginning of the year, down from \$53 trillion. Equities currently account for about 33% of household wealth.

Some analysts are viewing recent earnings from certain companies as misleading. Various companies are reporting increases in revenue, due not to an increase in sales but, because of an increase in product and service prices. Analysts prefer to see volume or sales increases rather than price increases as a favorable trend.

A strong U.S. dollar continues to weight on multi-national company earnings, making up 40% of the S&P 500 Index. These are companies whose revenue are primarily generated overseas. Increases in inventory, labor costs, and supply constraints continue to weight on corporate earnings projections for the second quarter.

Sources: S&P, Wilshire Associates, Bloomberg

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