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# Weekly Economic Update

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*March 22, 2021*

*In this week's recap: A week of ups and downs leaves modest losses at week's end.*

## THE WEEK ON WALL STREET

Rising bond yields and improving economic conditions led to a choppy week of trading that ended in modest losses for investors.

The Dow Jones Industrial Average fell 0.46%, while the Standard & Poor's 500 declined 0.77%. The Nasdaq Composite index lost 0.79% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, gained 1.24%.<sup>1,2,3</sup>

## RISING YIELDS

The stock market began the week on a positive note, rising on optimism over the economic reopenings and a decline in bond yields. Technology shares staged a strong turnaround from the previous week.

Following the FOMC (Federal Open Market Committee) meeting announcement reaffirming the Fed's easy-money policies, the Dow Industrials and the S&P 500 recorded new record closing highs.<sup>4</sup>

Markets reversed themselves on Thursday as a surge in yields sent technology and other high-growth stocks lower. During the session, the 10-year Treasury yield moved above 1.75% (the highest in 14 months), and the 30-year Treasury breached 2.5% for the first time since August 2019.<sup>5</sup>

Stocks closed out the week mixed as technology reclaimed some of the previous day's losses.

## THE FED STANDS PAT

The Fed restated its commitment to no interest rate hikes through 2023. As expected, the FOMC also voted to continue its monthly bond purchases of at least \$120 billion.

FOMC members projected that the economy would grow 6.5% this year, a sharp improvement over its previous estimate of a 4.2% gain. The forecast for the unemployment rate by year-end is 4.5%, down from the current rate of 6.2%. While Fed Chair Powell said that he anticipates inflation rising this year, he expects price increases to be temporary, with inflation staying within the Fed's 2% target for the next several years.<sup>6</sup>

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### TIP OF THE WEEK



*If you are 60 now, there is a reasonable chance that you may live into your eighties or nineties. So, with longevity in mind, prepare for retirement with wealth accumulation and wealth protection in mind.*

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## THE WEEK AHEAD: KEY ECONOMIC DATA

**Monday:** Existing Home Sales.

**Tuesday:** New Home Sales.

**Wednesday:** Durable Goods Orders. Purchasing Managers' Index (PMI) Composite Flash.

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

**Friday:** Consumer Sentiment.

Source: Econoday, March 19, 2021

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.

## THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

**Tuesday:** Adobe, Inc. (ADBE), Gamestop Corporation (GME).

**Wednesday:** General Mills (GIS).

**Thursday:** Darden Restaurants, Inc. (DRI).

Source: Zacks, March 19, 2021

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

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### QUOTE OF THE WEEK

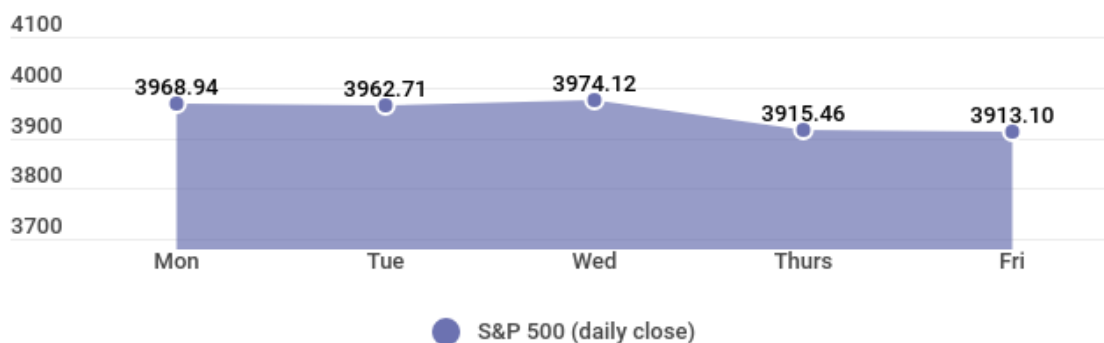



*“It is good to have an end to journey toward; but it is the journey that matters, in the end.”*

URSULA K. LE GUIN

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Market Index	Close	Week	Y-T-D
DJIA	32,627.97	-0.46%	+6.60%
NASDAQ	13,215.24	-0.79%	+2.54%
MSCI-EAFE	2,246.82	+1.24%	+4.62%
S&P 500	3,913.10	-0.77%	+4.18%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.74%	+0.10%	+0.81%

Sources: The Wall Street Journal, March 19, 2021; Treasury.gov, March 19, 2021

Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 Index, and NASDAQ Composite Index is measured from the close of trading on Friday, March 12, to Friday, March 19, close. Weekly performance for the MSCI-EAFE is measured from Friday, March 12, open to Thursday, March 18, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## THE WEEKLY RIDDLE



*I have no heart or mind, but I do have two legs. Yet they only touch the ground when I am not carrying things around. What am I?*

*LAST WEEK'S RIDDLE: Where does today come before yesterday?*

*ANSWER: In the dictionary.*

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### **Know someone who could use information like this?**

Please feel free to send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

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The forecasts or forward-looking statements are based on assumptions, may not materialize, and are subject to revision without notice.

The market indexes discussed are unmanaged, and generally, considered representative of their respective markets. Index performance is not indicative of the past performance of a particular investment. Indexes do not incur management fees, costs, and expenses. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results.

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.

U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

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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CITATIONS:

1. The Wall Street Journal, March 19, 2021
2. The Wall Street Journal, March 19, 2021
3. The Wall Street Journal, March 19, 2021
4. CNBC, March 17, 2021
5. CNBC, March 18, 2021
6. CNBC, March 17, 2021