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Weekly Economic Update

April 19, 2021

In this week's recap: Good indicators for earnings season and other economic data lead to record highs for stocks.

THE WEEK ON WALL STREET

Stocks reached record highs last week, riding the tailwind of improving economic data and a strong start to the earnings season.

The Dow Jones Industrial Average rose 1.18%, while the Standard & Poor's 500 gained 1.37%. The Nasdaq Composite index added 1.09%. The MSCI EAFE index, which tracks developed overseas stock markets, climbed 1.00%.^{1,2,3}

EARNINGS, ECONOMIC DATA

Stocks rallied early in the week on strong retail sales, a sharp drop in initial jobless claims, and a retreat in bond yields. Stocks then climbed to fresh record highs on Thursday, with the Dow Jones Industrial Average rising above 34,000 for the first time and the S&P 500 approaching 4,200.⁴

The market overcame some initial jitters arising from health authorities recommending a pause on a COVID-19 vaccine. Stocks also looked past an increase in the Consumer Price Index and a Federal Reserve report that indicated businesses were raising prices.

A surge in housing starts helped the rally, with stock prices moving higher to close out the week.

THE ECONOMIC PULSE

Last week provided insight into the economic recovery, and the numbers vindicated the optimism that has driven markets higher.

An acceleration in inflation was expected, but came in at a rate (+2.6%) that didn't appear to rattle the markets. It was, however, retail sales (an increase of 9.8%), new jobless claims (576,000--the lowest level since March 14, 2020), continuing unemployment claims (the lowest four-week moving average since March 28, 2020), and housing starts (+19.4%) that emboldened investors.^{5,6,7,8,9}

Confirmation of this recovery came with the start of the new earnings season, which kicked off with strong earnings that, in some cases, exceeded Wall Street consensus expectations.

TIP OF THE WEEK



When was the last time you calculated your net worth? Doing this annually will help you gauge the pace of your financial progress.

THE WEEK AHEAD: KEY ECONOMIC DATA

Thursday: Jobless Claims. Existing Home Sales. Index of Leading Economic Indicators.

Friday: New Home Sales. Purchasing Managers Index (PMI) Composite Flash.

Source: Econoday, April 16, 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

Monday: International Business Machines (IBM), Coca-Cola (KO).

Tuesday: Netflix, Inc. (NFLX), Johnson & Johnson (JNJ), Lockheed Martin (LMT), United Airlines (UAL), Procter & Gamble (PG), Abbott Laboratories (ABT), CSX Corporation (CSX).

Wednesday: Verizon Communications (VZ), Lam Research (LRCX), Anthem, Inc. (ANTM), Chipotle Mexican Grill, Inc. (CMG), Crown Castle International (CCI).

Thursday: AT&T (T), Intel Corporation (INTC), Snap (SNAP), Blackstone Group (BX), American Airlines (AAL), Southwest Airlines (LUV), Union Pacific (UNP), D.R. Horton, inc. (DHI), Credit Suisse Group (CS), Dow, Inc. (DOW).

Friday: American Express (AXP), KimberlyClark Corporation (KMB).

Source: Zacks, April 16, 2021

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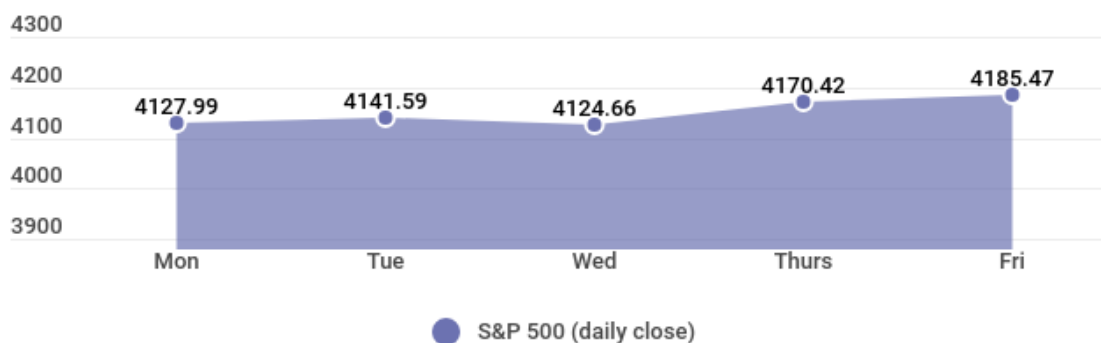
QUOTE OF THE WEEK



“The hardest tumble a man can make is to fall over his own bluff.”

AMBROSE BIERCE

Market Index	Close	Week	Y-T-D
DJIA	34,200.67	+1.18%	+11.74%
NASDAQ	14,052.34	+1.09%	+9.03%
MSCI-EAFE	2,285.01	+1.00%	+6.40%
S&P 500	4,185.47	+1.37%	+11.43%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.59%	-0.08%	-0.66%

Sources: The Wall Street Journal, April 16, 2021; Treasury.gov, April 16, 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, April 9, to Friday, April 16, close. Weekly performance for the MSCI-EAFE is measured from Friday, April 9, open to Thursday, April 15, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



What number is 4 more than the number that is double one-fifth of one-tenth of 900?

LAST WEEK'S RIDDLE: Ian bought a bag of apples on Friday and ate a third of them. On Saturday he ate half of the remaining apples. On Sunday he looked in the bag and found that just two apples were left. How many apples were originally in the bag?

ANSWER: 6. He had 6 apples to start with, ate 2 the first day and 2 the second day.

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 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, April 16, 2021
2. The Wall Street Journal, April 16, 2021
3. The Wall Street Journal, April 16, 2021
4. The Wall Street Journal, April 13, 2021
5. CNBC, April 15, 2021
6. The Wall Street Journal, April 15, 2021
7. Department of Labor News Release, April 15, 2021
8. Department of Labor News Release, April 15, 2021
9. Reuters, April 16, 2021