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Weekly Economic Update

May 10, 2021

In this week's recap: Mixed market results as labor numbers cope with uncertainty.

THE WEEK ON WALL STREET

Stocks closed mixed last week as signs of continued economic recovery and upbeat earnings helped some sectors while the struggles persisted for high-growth companies.

The Dow Jones Industrial Average gained 2.67%, while the Standard & Poor's 500 rose 1.23%. But the Nasdaq Composite index, home for many high-growth companies, lost 1.51%. The MSCI EAFE index, which tracks developed overseas stock markets, advanced 1.20%.^{1,2,3}

MIXED MARKET

Energy, financials, materials, and industrials led the market higher on more upbeat news regarding the economic recovery.

But technology and other high-valuation companies didn't participate in the rally, weighed down by Treasury Secretary Janet Yellen's comments that interest rates may need to rise. Despite a decline in long bond yields, high growth stocks were under selling pressure for most of the week.⁴

On Friday, a miss on April employment numbers seemed to dial back fears that the Fed might have to adjust interest rates. Stocks rallied on the news, especially some of the hard hit high-valuation companies.⁵

LABOR MARKET PUZZLE

The labor market appears to be gaining momentum ahead of a fuller summer reopening. The Automated Data Processing National Employment Report showed that private payrolls rose by 742,000 jobs (the largest gain since September 2020), while new jobless claims fell to under 500,000, sending its four-week average to the lowest point since the pandemic began.^{6,7}

With expectations set very high, the April employment report (266,000 new jobs) came in well short of the consensus estimate of one million new jobs. Businesses have complained about difficulties in hiring workers, with individuals delaying their return to the workforce due to health concerns and ongoing school closings.⁵

TIP OF THE WEEK



When you get a minute, make a photocopy of all the material in your wallet. If you lose it, you'll have a photocopy of the contents rather than relying on your memory.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Job Openings and Labor Turnover Survey (JOLTS).

Wednesday: Consumer Price Index (CPI).

Thursday: Jobless Claims.

Friday: Industrial Production. Consumer Sentiment.

Source: Econoday, May 7, 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: Duke Energy (DUK), Simon Property (SPG), Air Products and Chemicals, Inc. (APD), Marriott International (MAR).

Tuesday: Electronic Arts (EA), Palantir Technologies, Inc. (PLTR).

Wednesday: Coupang, Inc. (CPNG).

Thursday: The Walt Disney Company (DIS).

Source: Zacks, May 7, 2021

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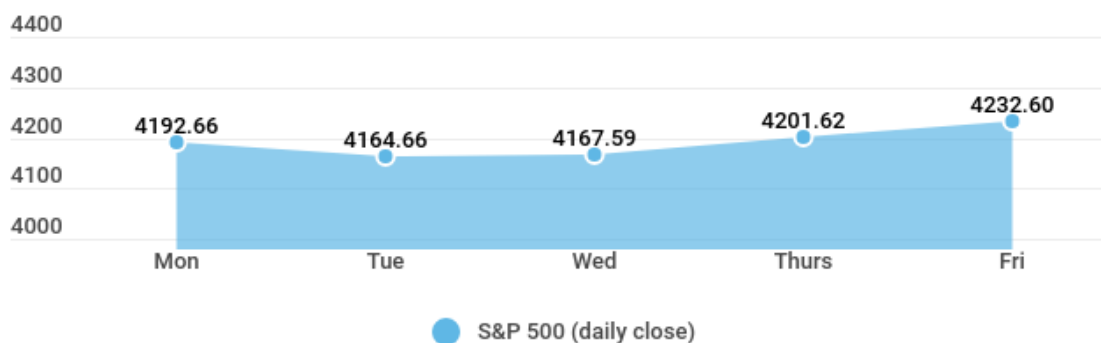
QUOTE OF THE WEEK



“The most difficult thing is the decision to act, the rest is merely tenacity.”

AMELIA EARHART

Market Index	Close	Week	Y-T-D
DJIA	34,777.76	+2.67%	+13.63%
NASDAQ	13,752.24	-1.51%	+6.70%
MSCI-EAFE	2,295.82	+1.20%	+6.91%
S&P 500	4,232.60	+1.23%	+12.69%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.60%	-0.03%	+0.67%

Sources: The Wall Street Journal, May 7, 2021; Treasury.gov, May 7, 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 30, to Friday, May 7, close. Weekly performance for the MSCI-EAFE is measured from Friday, April 30, open to Thursday, May 6, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



I'm tall when I'm young and short when I'm old. What am I?

LAST WEEK'S RIDDLE: *Forward I am heavy, but backward I am not. What am I?*

ANSWER: The word “ton” backward is the word “not.”

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, May 7, 2021
2. The Wall Street Journal, May 7, 2021
3. The Wall Street Journal, May 7, 2021
4. FoxBusiness.com, May 4, 2021
5. CNBC, May 7, 2021
6. Reuters, May 5, 2021
7. The Wall Street Journal, May 6, 2021