



Basile Financial Group, Inc.

36410 US Highway 19 North

Palm Harbor, FL 34684

www.basilefinancial.com

727-900-7068

Weekly Economic Update

June 14, 2021

In this week's recap: Stocks kept cool, even as inflation came in hot.

THE WEEK ON WALL STREET

Stocks ended the week mixed as investors appeared to shrug off a hotter-than-expected inflation report.

The Dow Jones Industrial Average slipped 0.80%, while the Standard & Poor's 500 advanced 0.41%. The Nasdaq Composite index led, tacking on 1.85%. The MSCI EAFE index, which tracks developed overseas stock markets, rose 0.31%.^{1,2,3}

ANOTHER QUIET WEEK

The market traded in a narrow range for much of last week as investors anxiously awaited the release of the Consumer Price Index (CPI) on Thursday.

May's CPI saw an increase in inflation that exceeded most expectations. Paradoxically, markets advanced on the news, sending the S&P 500 to a new record close and the technology-heavy NASDAQ Composite higher. Perhaps equally unexpected was the decline in the 10-year Treasury yield, which slipped to 1.45%, touching its lowest level in three months.⁴

On Friday, stocks were unable to materially build on the previous day's advance, though the S&P 500 managed to add onto its record Thursday close.

INFLATION TRENDS

Consumer prices headed higher in May, rising 0.6% from April and by 5.0% from a year ago. It was the largest jump in the CPI since August 2008. Core inflation, which excludes food and energy prices, rose 3.8% — the sharpest increase in nearly three decades.⁵

Automobile prices were one of the primary contributors to May's number. Used car and truck prices jumped 7.3% month-over-month and by 29.7% from a year ago. New cars experienced their highest monthly increase since October 2009 as a result of an inventory shortage stemming from tightness in the semiconductor supply.⁶

TIP OF THE WEEK



Arranging a student loan? Make sure that your child is fully committed to getting a degree. Dropping out or intermittently attending college can mean carrying debt for years without the economic power to pay it off.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Retail Sales. Industrial Production.

Wednesday: FOMC (Federal Open Market Committee) Announcement.

Thursday: Index of Leading Economic Indicators. Jobless Claims.

Source: [Econoday](#), June 11, 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: Oracle Corporation (ORCL).

Thursday: The Kroger Co. (KR).

Source: Zacks, June 11, 2021

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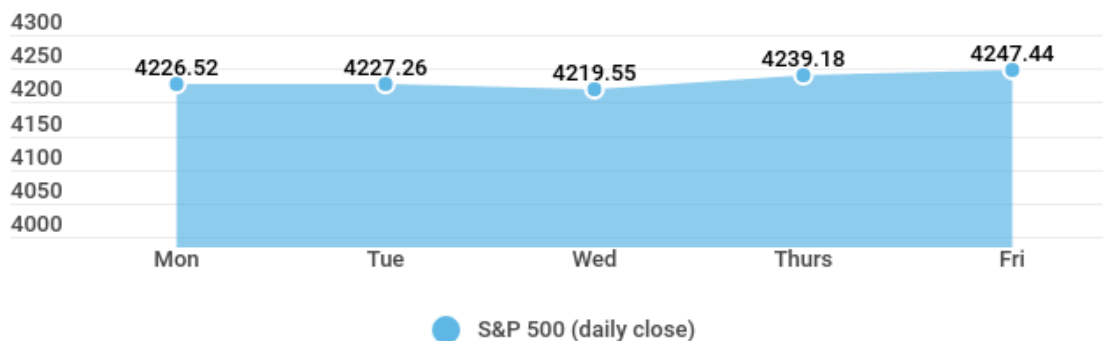
QUOTE OF THE WEEK



“One loyal friend is worth ten thousand relatives.”

EURIPIDES

Market Index	Close	Week	Y-T-D
DJIA	34,479.60	-0.80%	+12.65%
NASDAQ	14,069.42	+1.85%	+9.16%
MSCI-EAFE	2,365.09	+0.31%	+10.13%
S&P 500	4,247.44	+0.41%	+13.08%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.47%	-0.09%	+0.54%

Sources: The Wall Street Journal, June 11, 2021; Treasury.gov, June 11, 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, June 4, to Friday, June 11, close. Weekly performance for the MSCI-EAFE is measured from Friday, June 4, open to Thursday, June 10, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



What common English word has three consecutive double letters?

LAST WEEK'S RIDDLE: I have cities, but no houses. I have mountains, but no trees. I have water, but no fish. What am I?

ANSWER: A map.

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, June 11, 2021
2. The Wall Street Journal, June 11, 2021
3. The Wall Street Journal, June 11, 2021
4. The Wall Street Journal, June 11, 2021
5. CNBC, June 10, 2021
6. CNBC, June 10, 2021