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Weekly Economic Update

July 12, 2021

In this week's recap: Stocks edge higher in short week.

THE WEEK ON WALL STREET

Stocks managed small gains as investors wrestled with concerns over economic growth prospects and a rise in COVID-19 infections.

The Dow Jones Industrial Average picked up 0.24%, while the Standard & Poor's 500 gained 0.40%. The Nasdaq Composite index added 0.43%. The MSCI EAFE index, which tracks developed overseas stock markets, slipped 0.78%.^{1,2,3}

A CHOPPY WEEK

In a truncated week of trading, stock market action was turbulent and indecisive. A mixed start saw cyclical stocks sell off amid concerns of slowing economic growth, while growth stocks advanced in response to falling yields.

After strengthening mid-week with the release of the FOMC meeting minutes, stocks skidded when reopening fears resurfaced Thursday on a new wave of global COVID-19 infections and Japan's emergency declaration that reintroduced lockdown protocols. This led to a broad-based sell-off, with financials, home builders, and technology hit hard. A drop in bond yields added to the deteriorating sentiment.

Bond yields rebounded on Friday, setting the stage for a strong comeback for stocks, with the three major indices closing at new all-time highs.⁴

ATTENTION TURNS TO BONDS

Since reaching a 2021 high of 1.74% in March, the 10-year Treasury yield has been in a slow, steady decline, closing at 1.37% on Friday.⁵

One explanation may be that reopening sentiment has turned more cautious as the Delta variant of COVID-19 spreads globally. Another view is that overseas investors are buying Treasuries, effectively lowering yields.

Perhaps it's abating inflation concerns, or simply excess liquidity finding its way into bonds. Whatever the message, the yield narrative has changed from just a few months ago when it was believed that the 10-year treasury was heading to two percent.⁵

TIP OF THE WEEK



If you are between 40 and 60 and need to build greater retirement savings, consider prioritizing that over paying for your children's college expenses.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Consumer Price Index (CPI).

Thursday: Jobless Claims. Industrial Production.

Friday: Retail Sales.

Source: Econoday, July 9, 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: JPMorgan Chase (JPM), Goldman Sachs (GS), Wells Fargo & Co. (WF), Pepsico, Inc. (PEP).

Wednesday: Bank of America (BAC), Citigroup, Inc. (C), Delta Airlines (DAL), Blackrock, Inc. (BLK).

Thursday: UnitedHealth Group (UNH), Morgan Stanley (MS), Taiwan Semiconductor (TSM).

Friday: Charles Schwab (SCHW), Kansas City Southern (KSU).

Source: Zacks, July 9, 2021

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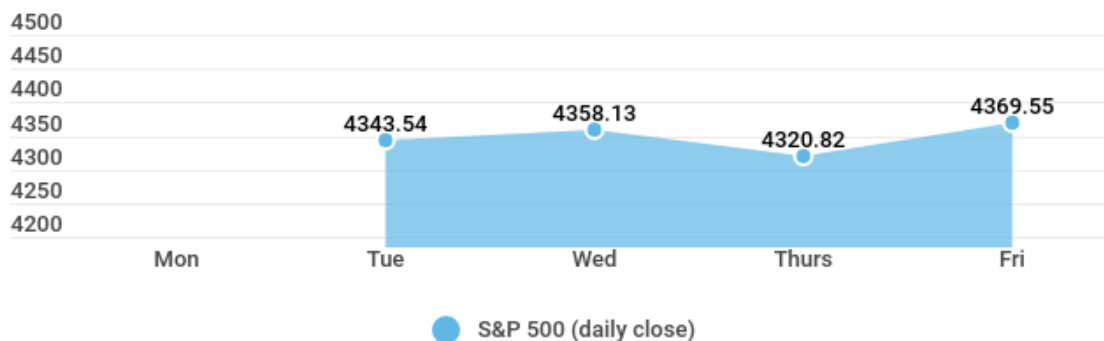
QUOTE OF THE WEEK



“One does not fall "in" or "out" of love. One grows in love.”

LEO BUSCAGLIA

Market Index	Close	Week	Y-T-D
DJIA	34,870.16	+0.24%	+13.93%
NASDAQ	14,701.92	+0.43%	+14.07%
MSCI-EAFE	2,297.41	-0.78%	+6.98%
S&P 500	4,369.55	+0.40%	+16.33%



Treasury	Close	Week	Y-T-D
10-Year Note	1.37%	-0.07%	+0.44%

Sources: The Wall Street Journal, July 9, 2021; Treasury.gov, July 9, 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, July 2, to Friday, July 9, close. Weekly performance for the MSCI-EAFE is measured from Friday, July 2, open to Thursday, July 8, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



It can be as round as a dishpan, as deep as a tub, and still the oceans couldn't fill it up. What is it?

LAST WEEK'S RIDDLE: What 11-letter word must always be spelled incorrectly?

ANSWER: Incorrectly.

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, July 9, 2021
2. The Wall Street Journal, July 9, 2021
3. The Wall Street Journal, July 9, 2021
4. CNBC, July 9, 2021
5. U.S Department of Treasury, July 9, 2021