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Weekly Economic Update

August 16, 2021

In this week's recap: Passage of infrastructure bill in Senate boosts DJIA and S&P; Nasdaq stays flat.

THE WEEK ON WALL STREET

Looking past inflation figures and Delta variant trends, stocks last week found a way to climb higher and set fresh record highs in the process.

The Dow Jones Industrial Average rose 0.87%, while the Standard & Poor's 500 advanced 0.71%. The Nasdaq Composite index was flat (-0.09%) for the week. The MSCI EAFE index, which tracks developed overseas stock markets, gained 0.77%.^{1,2,3}

QUIETLY CLIMBING

Stocks moved higher amid relatively light trading last week. After initially retreating under the weight of Delta variant updates, stocks grinded higher, catalyzed by the Senate's passage of a \$1 trillion infrastructure bill.

Two themes emerged last week. The first was that inflation assumed a less threatening profile. The most recent Consumer Price Index report showed some moderation in consumer price increases, while investors appeared to interpret a hotter-than-expected Producer Price Index report as the peak in this inflation cycle.

Also worth noting were comments by multiple Federal Reserve Bank regional presidents suggesting that the time for tapering (i.e., ending the Fed's bond purchases) was nearing, with one intimating that tapering could start as early as October.⁴

INFLATION REPORTS

Consumer prices climbed at their fastest rate since August 2008, rising 5.4% year-over-year. But this elevated rate was expected by most economists. The core inflation rate (excludes the more volatile food and energy prices) came in 4.3% higher, substantially lower than anticipated. This deceleration in core inflation was largely attributed to a slowdown in price increases in used cars and apparel.⁵

More unsettling was the following day's Producer Price Index (PPI). The PPI, which can be an indicator of future consumer prices, came in at the highest rate since tracking began, surging 7.8%.⁶

TIP OF THE WEEK



Think about making a household budget using an online spreadsheet. You can easily find or create one on the Web for free; some even have built-in calculators.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Retail Sales. Industrial Production.

Wednesday: Housing Starts. FOMC (Federal Open Market Committee) Minutes.

Thursday: Jobless Claims. Index of Leading Economic Indicators.

Source: Econoday, August 13, 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: Walmart, Inc. (WMT), The Home Depot, Inc. (HD), Agilent Technologies, Inc. (A), Roblox Corporation (RBLX).

Wednesday: Nvidia Corporation (NVDA), Cisco Systems, Inc. (CSCO), Target Corporation (TGT), Lowe's Companies, Inc. (LOW).

Thursday: Ross Stores, Inc. (ROST), The Estee Lauder Companies, Inc. (EL).

Friday: Deere & Company (DE).

Source: Zacks, August 13, 2021

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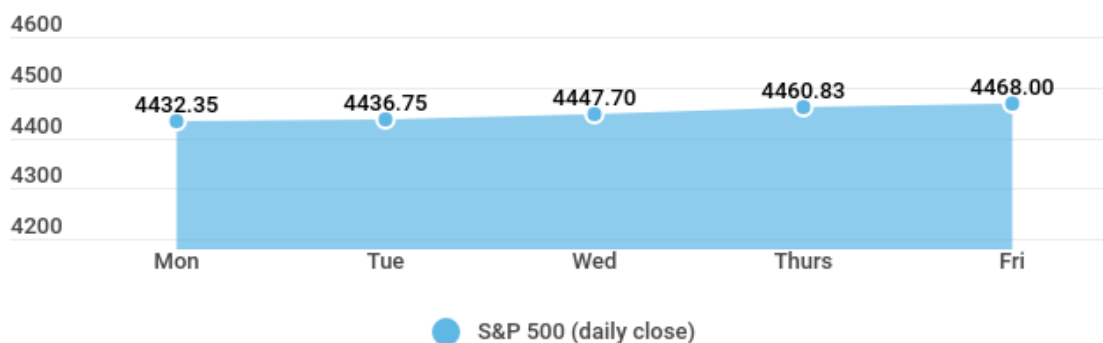
QUOTE OF THE WEEK




“We are what we repeatedly do. Excellence, then, is not an act, but a habit.”

ARISTOTLE

Market Index	Close	Week	Y-T-D
DJIA	35,515.38	+0.87%	+16.04%
NASDAQ	14,822.90	-0.09%	+15.01%
MSCI-EAFE	2,362.81	+0.77%	+10.02%
S&P 500	4,468.00	+0.71%	+18.95%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.29%	-0.02%	+0.36%

Sources: The Wall Street Journal, August 13, 2021; Treasury.gov, August 13, 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, August 6, to Friday, August 13, close. Weekly performance for the MSCI-EAFE is measured from Friday, August 6, open to Thursday, August 12, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



What three positive numbers give the same answer when multiplied or added together?

LAST WEEK'S RIDDLE: What has exactly three feet, but not a single toe?

ANSWER: A Yardstick.

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, August 13, 2021
2. The Wall Street Journal, August 13, 2021
3. The Wall Street Journal, August 13, 2021
4. The Wall Street Journal, August 11, 2021
5. CNBC, August 11, 2021
6. Reuters, August 12, 2021