

In this week's recap: Vaccinations and declining case numbers result in economic optimism; Fed Chair says no change for now.

Weekly Economic Update

Presented by Shane Maer, February 15, 2021

THE WEEK ON WALL STREET

Stock prices inched higher last week amid declining COVID-19 cases, a pick-up in vaccinations, and progress on a fiscal relief bill.

The Dow Jones Industrial Average gained 1.00%, while the Standard & Poor's 500 rose 1.23%. The Nasdaq Composite index climbed 1.73% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, added 1.80%.^{1,2,3}

STOCKS POST GAINS

Stocks powered higher to begin the week, buoyed by rising confidence in economic recovery and the potential for another round of fiscal stimulus. Small cap stocks continued their 2021 rally as investors looked for out-of-favor names that might benefit from an economic rebound.

Stocks traded in a tight range through the remainder of the week. Investors appeared to digest current stock price valuations, wondering if the market had already "priced in" the optimism of a rebounding economy.

On Wednesday, Fed Chair Powell gave assurances that the Fed's rate policy would remain unchanged for the foreseeable future. Some fear that inflation may pick up with broader reopenings and additional fiscal stimulus.⁴

On Thursday and Friday, stocks drifted mostly higher in quiet trading, managing to set some new all-time highs.⁵

ECONOMIC EXPECTATIONS RISING

A survey by The Wall Street Journal showed increasing optimism among economists about economic growth for this year.⁶

Among the survey's findings, economists, on average, now expect the economy to expand by 4.9%, an increase from their average estimate of 4.3% last month. They are, however, somewhat

less sanguine about employment as they now expect 4.8 million jobs to be added this year, versus an earlier expectation of 5.0 million.⁶

Economists are forecasting accelerating inflation as a consequence of economic growth and fiscal stimulus, but believe that there is only a 17.5% probability of an economic downturn in the next 12 months, an improvement from its 21.2% risk estimate in January.⁶

TIP OF THE WEEK



A good will should propose at least a few executors, as there is always the possibility that your first choice for executor might not outlive you.

THE WEEK AHEAD: KEY ECONOMIC DATA

Wednesday: Retail Sales. Industrial Production. Federal Open Market Committee (FOMC) Minutes.

Thursday: Jobless Claims. Housing Starts.

Friday: Existing Homes Sales. Purchasing Managers Index (PMI) Composite Flash.

Source: Econoday, February 12, 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: CVS Health Corp. (CVS), Agilent Technologies (A), Palantir Technologies, Inc. (PLTR).

Wednesday: Twilio, Inc. (TWLO), Shopify, Inc. (SHOP), Baidu (BIDU).

Thursday: Walmart (WMT), Albemarle (ALB), Roku (ROKU), Waste Management (WM), Ventas (VTR), Marriott International (MAR).

Source: Zacks, February 12, 2021

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

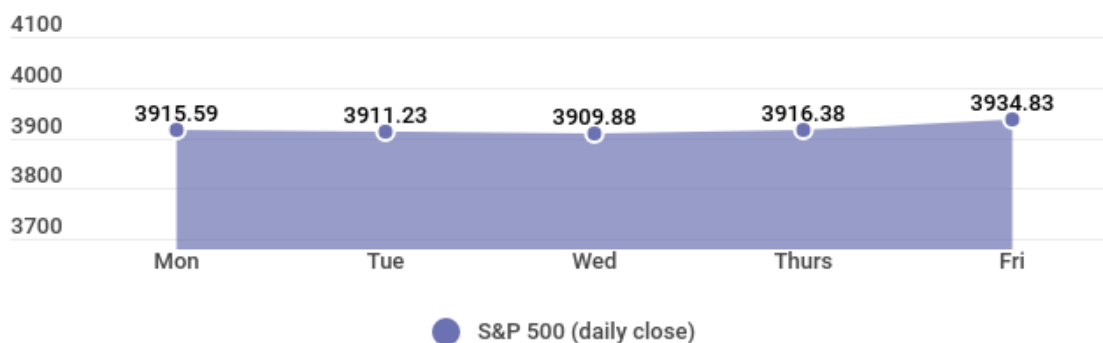
QUOTE OF THE WEEK



“There have been as great souls unknown to fame as any of the most famous.”

BENJAMIN FRANKLIN

Market Index	Close	Week	Y-T-D
DJIA	31,458.40	+1.00%	+2.78%
NASDAQ	14,095.47	+1.73%	+9.37%
MSCI-EAFE	2,221.46	+1.80%	+3.44%
S&P 500	3,934.83	+1.23%	+4.76%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.21%	+0.04%	+0.28%

Sources: The Wall Street Journal, February 12, 2021; Treasury.gov, February 12, 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, February 5, to Friday, February 12, close.

Weekly performance for the MSCI-EAFE is measured from Friday, February 5, open to Thursday, February 11, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



Two fathers and two sons went truffle hunting. Each found a truffle yet they found only three in all. Why?

LAST WEEK'S RIDDLE: Six cups are lined up in a row. Cups 1-3 on the left are full of juice; cups 4-6 on the right are empty. How can you arrange this row so empty and full glasses alternate while moving only one cup in the process?

ANSWER: Pour the juice from the second cup into the fifth cup.

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Know someone who could use information like this?

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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, February 12, 2021
2. The Wall Street Journal, February 12, 2021
3. The Wall Street Journal, February 12, 2021
4. Board of Governors of the Federal Reserve System, February 19, 2021
5. CNBC.com, February 12, 2021
6. The Wall Street Journal, February 11, 2021