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In this week's recap: Positive labor numbers lead stocks to a modest gain.

Weekly Economic Update

Presented by Don Clark, MBA, CFP®, June 7, 2021

THE WEEK ON WALL STREET

A strong, but not too strong, employment report sparked a rally on the final day of trading, propelling stocks to a modest gain for the week.

The Dow Jones Industrial Average climbed by 0.66%, while the Standard & Poor's 500 added 0.61%. The Nasdaq Composite index increased by 0.48%. The MSCI EAFE index, which tracks developed overseas stock markets, edged up 0.10%. ^{1,2,3}

ROTATION CONTINUES

Markets have traded sideways since mid-April, though beneath the surface has been ongoing sector rotation. Last week continued that trend.

While stocks ended on a strong note, the performance of industry sectors varied widely. Energy, real estate, utilities, and a number of reopening stocks performed well, while consumer discretionary, communication services, healthcare, and technology stocks lagged.

The Fed announced on Wednesday that it will soon begin selling the corporate bonds and exchange-traded funds it had accumulated during the pandemic, an action that some observers interpreted as a harbinger of an approaching change in its easy-money policies. But the below-consensus May job figure on Friday buoyed investors who believe the Fed will not change course soon. ^{4,5}

LABOR MARKET RECOVERY

It was a good week for the labor market. Initial jobless claims fell to pre-pandemic levels (385,000), ADP (Automated Data Processing) reported a big jump in private-sector hiring (978,000), and the monthly employment report saw nonfarm payrolls increase by 559,000 in May – a healthy increase even though it fell short of some expectations. The unemployment rate declined to 5.8% from April’s 6.1% level. ^{5,6,7}

Friday’s report showed that total employment numbers still remain about seven million jobs below their pre-pandemic levels. It also showed an acceleration in wage gains, which rose 2% year-over-year following the 0.4% gain in April. ⁸

TIP OF THE WEEK



An insurance-needs analysis is a good idea when you reach your forties. You may learn more about the role of life insurance in your overall financial strategy.

THE WEEK AHEAD: KEY ECONOMIC DATA

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

Thursday: Consumer Price Index (CPI). Jobless Claims.

Friday: Consumer Sentiment.

Source: Econoday, June 4, 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: Marvell Technology, Inc. (MRVL), Coupa Software (COUP).

Wednesday: Campbell Soup Company (CPB), Brown-Forman Corporation (BF. B).

Thursday: Chewy (CHWY).

Source: Zacks, June 4, 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



“When the whole world is silent, even one voice becomes powerful.”

MALAMA YOUSAFZAI

| Market Index | Close | Week | Y-T-D |
|--------------|-----------|--------|---------|
| DJIA | 34,756.39 | +0.66% | +13.56% |
| NASDAQ | 13,814.49 | +0.48% | +7.19% |
| MSCI-EAFE | 2,343.63 | +0.10% | +9.13% |
| S&P 500 | 4,229.89 | +0.61% | +12.61% |



| Treasury | Close | Week | Y-T-D |
|--|-------|--------|--------|
|  10-Year Note | 1.56% | -0.02% | +0.63% |

Sources: The Wall Street Journal, June 4, 2021; Treasury.gov, June 4, 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, May 28, to Friday, June 4, close. Weekly performance for the MSCI-EAFE is measured from Friday, May 28, open to Thursday, June 3, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



I have cities, but no houses. I have mountains, but no trees. I have water, but no fish. What am I?

LAST WEEK'S RIDDLE: What is placed on a table and cut, but never eaten?

ANSWER: A deck of cards.

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CITATIONS:

1. The Wall Street Journal, June 4, 2021

2. The Wall Street Journal, June 4, 2021
3. The Wall Street Journal, June 4, 2021
4. The Wall Street Journal, June 2, 2021
5. CNBC, June 3, 2021
6. CNBC, June 3, 2021
7. CNBC, June 4, 2021
8. CNBC, June 4, 2021



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