



Personalized Service, Sophisticated Strategies

In this week's recap: Stocks retreat as inflation advances.

Weekly Economic Update

Presented by Don Clark, MBA, CFP®, July 19, 2021

THE WEEK ON WALL STREET

Despite a good start to earnings season and some solid economic data, worries of slower second-half economic growth led to a pullback in stock prices last week.

The Dow Jones Industrial Average fell 0.52%, while the Standard & Poor's 500 lost 0.97%. The Nasdaq Composite index sank 1.87% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, was flat (-0.06 %). ^{1,2,3}

STOCKS RETREAT

Stocks weakened amid an active week of news, including two important inflation reports, Congressional testimony from Fed Chair Jerome Powell, a string of economic reports, and the start of the second-quarter earnings season.

The earnings season began on a strong note as 95% of the first S&P 500 constituent companies to report checked in with "earnings above estimates" by an average of 22%. Despite these above-expectation earnings, stocks moved little on the results. ⁴

Bond yields continued to trend lower amid Powell's testimony that monetary policy would remain unchanged. A decline in consumer sentiment fed worries of economic slowdown, leading stock lower and cementing losses for the week.

HOT INFLATION

The Consumer Price Index (CPI) jumped 5.4% in June, representing the biggest monthly gain since August 2008. The core CPI, which excludes food and energy, increased 4.5%, which was the fastest pace since September 1991. ⁵

The CPI report was followed by the Producer Price Index, which surged 7.3% from a year earlier, outpacing May's jump of 6.6%. Higher wholesale prices were primarily attributed to increased commodity prices and labor costs. ⁶

Fed Chair Powell, in Congressional testimony subsequent to these reports, reiterated his position that the accelerated inflation of recent months will be temporary.

TIP OF THE WEEK



Statistically, women outlive men. If a woman has a male partner or spouse, her retirement strategy should reflect that possibility.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Housing Starts.

Thursday: Jobless Claims. Existing Home Sales. Index of Leading Economic Indicators.

Friday: Purchasing Managers Index (PMI) Composite Flash.

Source: Econoday, July 16, 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: International Business Machines (IBM), J.B. Hunt Transport Services, Inc. (JBHT), Prologis, Inc. (PLD).

Tuesday: Netflix (NFLX), HCA Healthcare (HCA), Chipotle Mexican Grill, Inc. (CMG).

Wednesday: Verizon (VZ), Johnson & Johnson (JNJ), The Coca-Cola Company (KO), United Airlines (UAL), Texas Instruments, Inc. (TXN), CSX Corporation (CSX), Novartis, AG (NVS).

Thursday: AT&T (T), Intel Corporation (INTC), Twitter, Inc. (TWTR), Snap, Inc. (SNAP), Abbott Laboratories (ABT), American Airlines (AAL), Southwest Airlines (LUV), Union Pacific (UNP), FreeportMcMoran (FCX), D.R. Horton, Inc. (DHI).

Friday: American Express (AXP), Honeywell International (HON), NextEra Energy (NEE), KimberlyClark Corporation (KMB).

Source: Zacks, July 16, 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



“Time is the only critic without ambition.”

JOHN STEINBECK

Market Index	Close	Week	Y-T-D
DJIA	34,687.85	-0.52%	+13.33%
NASDAQ	14,427.24	-1.87%	+11.94%
MSCI-EAFE	2,311.97	-0.06%	+7.66%
S&P 500	4,327.16	-0.97%	+15.20%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.31%	-0.06%	+0.38%

Sources: The Wall Street Journal, July 16, 2021; Treasury.gov, July 16, 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 9, to Friday, July 16, close. Weekly performance for the MSCI-EAFE is measured from Friday, July 9, open to Thursday, July 15, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



If you were running a race, and you passed the person in 2nd place, what place would you be in now?

LAST WEEK'S 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?*

ANSWER: A sieve.

Don Clark, MBA, CFP® may be reached at 913-451-7526 or dclark@personalfinancialgroup.com
www.personalfinancialgroup.com

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.)

Securities offered through LPL Financial, Member FINRA/SIPC. Investment Advice offered through Personal Financial Group, Inc. a registered investment advisor and separate entity from LPL Financial. The information contained in this e-mail message is being transmitted to and is intended for the use of only the individual(s) to whom it is addressed. If the reader of this message is not the intended recipient, you are hereby advised that any dissemination, distribution or copying of this message is strictly prohibited. If you have received this message in error, please immediately delete.

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. The information herein has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested.

This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such.

All market indices discussed are unmanaged and are not illustrative of any particular investment. Indices do not incur management fees, costs and expenses, and cannot be invested into directly. All economic and performance data is historical and not indicative of future results. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results.

MarketingPro, Inc. is not affiliated with any person or firm that may be providing this information to you. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.

Copyright 2021 FMG Suite.

CITATIONS:

1. The Wall Street Journal, July 16, 2021
2. The Wall Street Journal, July 16, 2021
3. The Wall Street Journal, July 16, 2021
4. Earnings Scout, July 15, 2021
5. CNBC, July 13, 2021
6. Reuters, July 14, 2021



Don Clark
dclark@personalfinancialgroup.com

Managing Principal
Personal Financial Group
7007 College Boulevard Suite 270, Overland Park, KS 66211
Phone 913-451-7526
www.personalfinancialgroup.com

Securities offered through LPL Financial, Member FINRA/SIPC. Investment Advice offered through Personal Financial Group, Inc. a registered investment advisor and separate entity from LPL Financial.