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In this week's recap: Milder Omicron news boosts stocks.

Weekly Economic Update

Presented by Don Clark, MBA, CFP®, December 13, 2021

THE WEEK ON WALL STREET

A more benign reassessment of the possible economic risk posed by Omicron sent stocks sharply higher last week.

The Dow Jones Industrial Average picked up 4.02%, while the Standard & Poor's 500 advanced 3.82%. The Nasdaq Composite index gained 3.61% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, rose 2.74%. ^{1,2,3}

ASSESSING OMICRON

Though much is still unknown about the Omicron variant, reports of potentially milder health effects and the efficacy of booster shots ignited optimism that its economic impact would be less severe than originally feared.

Stocks rallied higher each of the first three days, with strong gains in many of the reopening stocks, such as airlines, travel and leisure, financials, and energy. The performance of high-valuation growth companies was a bit more erratic as they rose and fell sharply throughout much of the week. Weakening Thursday, stocks turned higher on Friday despite a hot inflation number, pushing the S&P 500 to a new record high. ⁴

INFLATION FACTOR

November's Consumer Price Index (CPI) came in at a nearly 40-year high, rising 0.8% from the previous month and 6.8% from a year ago. It is the 6th-consecutive month that inflation has exceeded 5%. Core inflation (excluding the more volatile food and energy prices) came in lower, but still posted its sharpest jump since 1991. ⁵

Economists have attributed this elevated inflation rate to strong consumer demand, a shortage of goods due to supply chain constraints, and strong wage growth. How long this high level of inflation persists is unknown, but the Fed has begun considering policy steps to manage it.

TIP OF THE WEEK



Update your will. It is just as important as having one. If you drafted a will years ago, the information is likely in need of some adjustments. Be sure to revisit your will often and keep it up to date.

THE WEEK AHEAD: KEY ECONOMIC DATA

Wednesday: Retail Sales. FOMC (Federal Open Market Committee) Announcement.

Thursday: Jobless Claims. Housing Starts. Industrial Production. PMI (Purchasing Managers' Index) Composite Flash.

Source: Econoday, December 10, 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

Thursday: Adobe, Inc. (ADBE), FedEx Corporation (FDX), Lennar Corporation (LEN).

Friday: Darden Restaurants, Inc. (DRI).

Source: Zacks, December 10, 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.

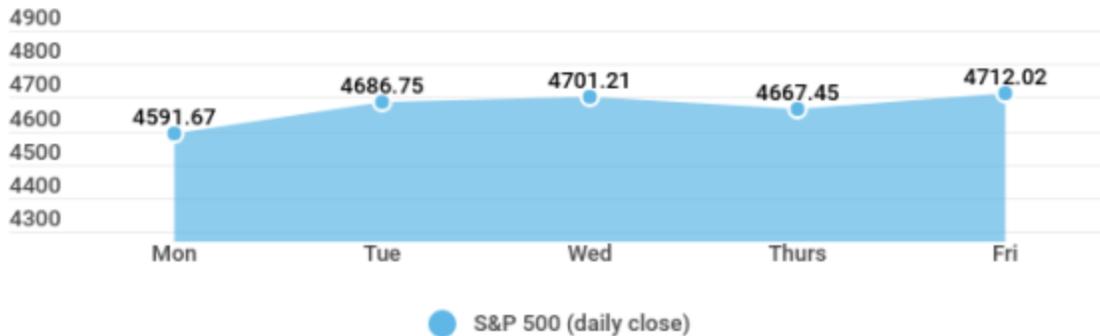
QUOTE OF THE WEEK



“Never be limited by other people’s limited imaginations.”

MAE JEMISON

Market Index	Close	Week	Y-T-D
DJIA	35,970.99	+4.02%	+17.53%
NASDAQ	15,630.60	+3.61%	+21.28%
MSCI-EAFE	2,296.30	+2.74%	+6.93%
S&P 500	4,712.02	+3.82%	+25.45%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.48%	+0.13%	+0.55%

Sources: The Wall Street Journal, December 10, 2021; Treasury.gov, December 10, 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, December 3, to Friday, December 10, close. Weekly performance for the MSCI-EAFE is measured from Friday, December 3, open to Thursday, December 9, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



I never ask you questions, yet you answer me all the time. What am I?

LAST WEEK'S RIDDLE: You sit down to play chess. Out of the 16 pieces you have at your disposal, how many of them could be used to make your first move?

ANSWER: 10 (eight pawns and two knights).

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CITATIONS:

1. The Wall Street Journal, December 10, 2021
2. The Wall Street Journal, December 10, 2021
3. The Wall Street Journal, December 10, 2021
4. CNBC, December 10, 2021
5. The Wall Street Journal, December 10, 2021



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