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*In this week's recap: Market copes with unpleasant news; Powell surprises, Omicron concerns, and a less than stellar jobs report disappoints.*

# Weekly Economic Update

*Presented by Don Clark, MBA, CFP<sup>®</sup>, December 6, 2021*

## THE WEEK ON WALL STREET

Stocks took investors on a wild ride last week as the Omicron variant and Fed comments upended market expectations.

The Dow Jones Industrial Average fell 0.91%, while the Standard & Poor's 500 stumbled 1.22%. The Nasdaq Composite index dropped 2.62% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, lost 0.62%. <sup>1,2,3</sup>

## A TUMULTUOUS WEEK

Stock prices were volatile all week, swinging wildly after staging a modest recovery to begin the week. Omicron fears were not the only issue weighing on investors. Markets were also rattled by Fed Chair Powell's Congressional testimony stating conditions warranted considering an acceleration of its bond purchase taper schedule. Last week's roller-coaster action was epitomized on Wednesday when stocks rallied intraday by 520 points on the Dow Industrials, only to close the session lower by 460 points. <sup>4</sup>

Stocks staged a powerful rebound on Thursday on news that a second Omicron infection exhibited mild symptoms. Also helping the rebound was news that an agreement was reached in the House of Representatives to

temporarily fund the government and word from President Biden that an economic lockdown was not in the plan to fight COVID this winter. Emblematic of the volatile week, stocks fell on Friday following a weak jobs report.

## POWELL SURPRISES MARKETS

Markets easily digested the Fed's early-November announcement that it would pull the trigger on its bond purchase tapering program, but were caught off-guard by Powell's comments during Congressional testimony last Tuesday. Powell indicated that the Fed would discuss the option of accelerating its tapering plans at its next meeting. <sup>5</sup>

Powell cited the risk of higher inflation and substantial improvement in the labor market as warranting ending bond purchases a few months sooner than planned. Powell sought to move away from describing inflation as transitory, acknowledging that rising energy prices, higher rents, and strong wage gains could keep inflation elevated, though he maintained inflation would decline sometime in 2022. <sup>5</sup>

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### TIP OF THE WEEK



*If you're trying to save money or track your spending, consider using cash. Cash is real. You can see it, and you know when you're out of it. Money becomes more abstract when you use a credit or debit card, leaving you more open to financial choices you may later regret.*

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## THE WEEK AHEAD: KEY ECONOMIC DATA

**Wednesday:** JOLTS (Job Openings and Labor Turnover Survey).

**Thursday:** Jobless Claims.

**Friday:** CPI (Consumer Price Index). Consumer Sentiment..

Source: Econoday, December 3, 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:** Coupa Software (COUP), MongoDB (MDB).

**Tuesday:** AutoZone, Inc. (AZO).

**Wednesday:** Gamestop Corp. (GME), UiPath, Inc. (PATH).

**Thursday:** lululemon athletica, inc. (LULU), Broadcom, Inc. (AVGO), Costco Wholesale Corporation (COST), Chewy (CHWY).

Source: Zacks, December 3, 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.

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### QUOTE OF THE WEEK



*“Avoid having your ego so close to your position that when your position falls, your ego goes with it.”*

COLIN POWELL

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Market Index	Close	Week	Y-T-D
DJIA	34,580.08	-0.91%	+12.98%
NASDAQ	15,085.47	-2.62%	+17.05%
MSCI-EAFE	2,242.99	-0.62%	+4.45%
S&P 500	4,538.43	-1.22%	+20.83%



Treasury	Close	Week	Y-T-D
10-Year Note	1.35%	-0.13%	+0.42%

Sources: The Wall Street Journal, December 3, 2021; Treasury.gov, December 3, 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, November 26, to Friday, December 3, close. Weekly performance for the MSCI-EAFE is measured from Friday, November 26, open to Thursday, December 2, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

### THE WEEKLY 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?*

*LAST WEEK'S RIDDLE: What nation has current and former capital cities whose names are anagrams of each other in the English language? (Hint: It is a major player in the global economy.)*

*ANSWER: Japan (Tokyo and Kyoto).*

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CITATIONS:

1. The Wall Street Journal, December 3, 2021
2. The Wall Street Journal, December 3, 2021
3. The Wall Street Journal, December 3, 2021
4. The Wall Street Journal, December 1, 2021
5. Reuters.com, November 30, 2021



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