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In this week's recap: Fed's reassurance boosts stocks.

Weekly Economic Update

Presented by Don Clark MBA, CFP®, March 6, 2023

THE WEEK ON WALL STREET

A late-week surge, triggered by reassuring Fed-speak, propelled stocks higher last week.

The Dow Jones Industrial Average gained 1.75%, while the Standard & Poor's 500 advanced 1.90%. The Nasdaq Composite index picked up 2.58% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, added 0.81%. ^{1,2,3}

STOCKS RESUME CLIMB

After rebounding to start the week, stocks weakened following higher inflation numbers out of Europe and higher-than-expected manufacturing activity.

Stocks continued their decline into early Thursday following a report of higher labor costs and low initial jobless claims. But stocks staged an afternoon relief rally on Thursday following comments by Atlanta Fed President Raphael Bostic that he was "still very firmly" supportive of increasing rates in quarter-point increments. The climb in stocks was remarkable, given that yields on 10-year Treasuries reached their highest level since November. Undeterred by a strong services data report, the upside momentum continued into the final trading day and added to

the week's gains. ⁴

DISCONCERTING ECONOMIC DATA

It was a relatively quiet week for economic news, but several new economic data reports gave insights into overall activity. U.S. manufacturing activity contracted in February—the fourth consecutive month it has done so. While this may eventually justify a reason for moderating future rate hikes, the activity exceeded analysts' expectations. An accompanying survey of manufacturers pointed to improving demand and potentially accelerating price pressures.

Meanwhile, China reported an outsized jump in manufacturing activity, which may help relieve remaining supply chain kinks. But the report may also fuel commodity price increases and influence global inflation. Inflation remained a persistent issue in Europe, as February's Eurozone inflation read was hotter than anticipated.

TIP OF THE WEEK



Take a tip from the millionaire next door: buy a terrific low-maintenance car and drive it for several years or more. Your ride may not be flashy, but the choice may prove thrifty.

THE WEEK AHEAD: KEY ECONOMIC DATA

Monday: Factory Orders.

Wednesday: Automated Data Processing (ADP) Employment Report. Job Openings and Labor Turnover Survey (JOLTS).

Thursday: Jobless Claims.

Friday: Employment Situation.

Source: Econoday, March 3, 2023

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: Dick's Sporting Goods, Inc. (DKS), CrowdStrike (CRWD).

Wednesday: MongoDB, Inc. (MDB).

Thursday: Ulta Beauty, Inc. (ULTA), DocuSign (DOCU).

Source: Zacks, March 3, 2023

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



“Your time is limited, so don't waste it living someone else's life.”

STEVE JOBS

Market Index	Close	Week	Y-T-D
DJIA	33,390.97	+1.75%	+0.74%
NASDAQ	11,689.01	+2.58%	+11.68%
MSCI-EAFE	2,051.84	+0.81%	+5.55%
S&P 500	4,045.64	+1.90%	+5.37%



	Treasury	Close	Week	Y-T-D
	10-Year Note	3.97%	+0.02%	+0.09%

Sources: The Wall Street Journal, March 3, 2023; Treasury.gov, March 3, 2023

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 24, to Friday, March 3, close.

Weekly performance for the MSCI-EAFE is measured from Friday, February 24, open to Thursday, March 2, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



We know that a seahorse isn't a horse, and we know that a silverfish isn't a fish. For that matter, a snakehead isn't a snake – but what is it?

LAST WEEK'S RIDDLE: About 90% of this country's land area is made up of arid tan desert, yet its flag was once solid green (until 2011) – in fact, at one time it was the only nation in the world with a flag containing just one color. What nation is this?

ANSWER: Libya.

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

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CITATIONS:

1. The Wall Street Journal, March 3, 2023

2. The Wall Street Journal, March 3, 2023
3. The Wall Street Journal, March 3, 2023
4. The Wall Street Journal, March 2, 2023



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

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