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In this week's recap: Earnings build while GDP slows.

Weekly Economic Update

Presented by Don Clark, MBA, CFP®, November 1, 2021

THE WEEK ON WALL STREET

A fresh wave of positive corporate earnings surprises sent markets to new record highs last week.

The Dow Jones Industrial Average increased 0.40%, while the Standard & Poor's 500 rose 1.33%. The Nasdaq Composite index picked up 2.71% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, was up 0.68%. ^{1,2,3}

EARNINGS DRIVE MARKET

The week kicked off with the Dow Jones Industrials and S&P 500 index setting record highs as the financial markets carried over the previous week's price momentum. ⁴

Stocks continued to climb on a string of forecast-beating earnings results. With about half of the S&P 500 constituent companies having reported earnings, more than 80% of them have beaten Wall Street analysts' consensus estimates. Based on these results, earnings for all S&P 500 companies are expected to come in approximately 39% above the third quarter of last year. (Forecasts are based on assumptions, and may not materialize.) Stocks overcame disappointing earnings from two mega-cap tech names on Friday to maintain the week's solid gains. ⁵

GDP GROWTH SLOWS

While businesses managed to post strong earnings in the third quarter, the first look at economic growth came in below consensus estimates. The Gross Domestic Product (GDP) grew at a 2.0% annualized rate in the third quarter, a slowdown from the two previous quarters, each of which posted annualized growth rates in excess of 6%.⁶

The spread of the Delta variant and backlogs in the supply chain were two major factors dragging on economic activity.

TIP OF THE WEEK



Set aside a half-hour to organize your financial documents. It makes sense for tax season, and it makes sense all year.

THE WEEK AHEAD: KEY ECONOMIC DATA

Monday: ISM (Institute for Supply Management) Manufacturing Index.

Wednesday: ADP (Automated Data Processing) Employment Report. Factory Orders. ISM (Institute for Supply Management) Services Index. FOMC (Federal Open Market Committee) Announcement.

Thursday: Jobless Claims.

Friday: Employment Situation.

Source: Econoday, October 29, 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: Simon Property Group, Inc. (SPG).

Tuesday: Pfizer, Inc. (PFE), Activision Blizzard, Inc. (ATVI), Amgen, Inc. (AMGN), Marathon Petroleum Corporation (MPC), ConocoPhillips (COP), Prudential Financial (PRU), Mondelez International, Inc. (MDLZ), TMobile US, Inc. (TMUS), The Estee Lauder Companies, Inc. (EL).

Wednesday: CVS Health Corporation (CVS), Qualcomm, Inc. (QCOM), Electronic Arts (EA), Humana, Inc. (HUM), Booking Holdings, Inc. (BKNG), Match Group, Inc. (MTCH), Emerson Electric (EMR).

Thursday: Square, Inc. (SQ), Albemarle Corporation (ALB), Southern Companies (SO), Cigna Corporation (CI), Skyworks Solutions, Inc. (SWKS), Regeneron Pharmaceuticals, Inc. (REGN).

Friday: DraftKings, Inc. (DKNG).

Source: Zacks, October 29, 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.

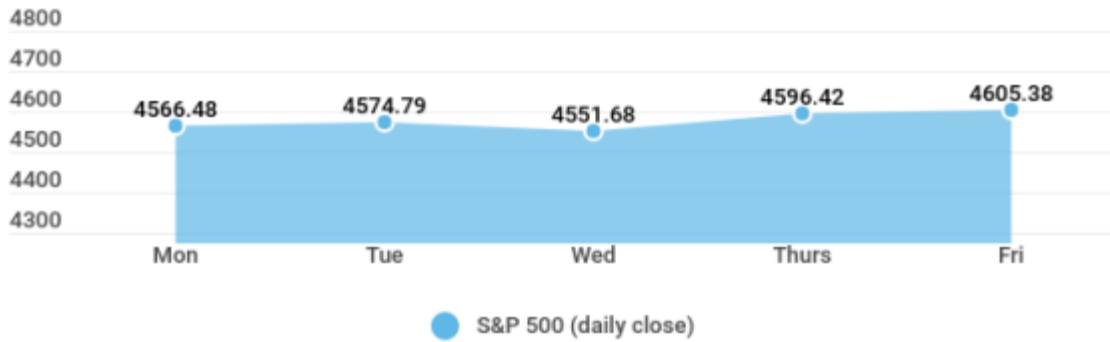
QUOTE OF THE WEEK



“And as we let our own light shine, we unconsciously give other people permission to do the same.”

NELSON MANDELA

| Market Index | Close | Week | Y-T-D |
|--------------|-----------|--------|---------|
| DJIA | 35,819.56 | +0.40% | +17.03% |
| NASDAQ | 15,498.39 | +2.71% | +20.25% |
| MSCI-EAFE | 2,354.51 | +0.68% | +9.64% |
| S&P 500 | 4,605.38 | +1.33% | +22.61% |



| | Treasury | Close | Week | Y-T-D |
|--|--------------|-------|--------|--------|
| | 10-Year Note | 1.55% | -0.11% | +0.62% |

Sources: The Wall Street Journal, October 29, 2021; Treasury.gov, October 29, 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, October 22, to Friday, October 29, close. Weekly performance for the MSCI-EAFE is measured from Friday, October 22, open to Thursday, October 28, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



By rearranging the letters in the phrase VIEWING A STIR, you can make the name of a U.S. state. What state is it?

LAST WEEK'S RIDDLE: If you add 1.5 to this number, you will get the same result as you would if you multiplied it by 1.5. What number is it? (Hints: It is a whole number, it is not zero, and it is between 1 and 10.)

ANSWER: 3.

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CITATIONS:

1. The Wall Street Journal, October 29, 2021
2. The Wall Street Journal, October 29, 2021

3. The Wall Street Journal, October 29, 2021

4. CNBC, October 24, 2021

5. CNBC, October 28, 2021

6. The Wall Street Journal, October 28, 2021



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