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In this week's recap: Rising number of COVID-19 cases and no progress on a stimulus bill lead to a bumpy week on Wall Street; U.K. anticipates "No-Deal" for Brexit.

Weekly Economic Update

Presented by Don Clark, MBA, CFP®, December 14, 2020

THE WEEK ON WALL STREET

Stocks retreated last week on rising COVID-19 infections and slow progress on an economic relief bill.

The Dow Jones Industrial Average dipped 0.57%, while the Standard & Poor's 500 dropped 0.96%. The Nasdaq Composite index fell 0.69% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, declined 0.05%. ^{1,2,3}

STIMULUS STALLS, STOCKS STUMBLE

The market grappled all week with worries over rising COVID-19 cases and the economic restrictions that followed. Nevertheless, there were moments of optimism— such as the starting of vaccinations in the U.K.— that drove markets to record highs. ⁴

But gains could not be sustained as an agreement on a fiscal stimulus bill remained elusive and daily news regarding COVID-19 cases undermined investor sentiment.

Markets were also challenged by having to absorb a number of new and secondary stock offerings last week, including two high-profile technology IPOs. The Energy sector continued its strong run, while small and mid-cap stocks posted another week of positive performance. ⁵

A “NO-DEAL” BREXIT MORE LIKELY

The prospects of an agreement to manage Britain’s exit from the European Union by year end dimmed as the two parties failed to narrow their differences in a meeting held last week. ⁶

Though primarily a European issue, a no-deal Brexit may hold consequences for U.S. businesses and investors. The failure to reach an agreement has the potential to disrupt an already fragile supply chain and cause issues in the financial markets. A supply chain disruption may weaken European economies (e.g., Germany) that are important to American companies. Another consequence may be a stronger U.S. dollar, which would make American exports more expensive and less competitive.

Little time remains in striking an agreement since the prevailing framework ends December 31, 2020.

TIP OF THE WEEK



Starting a small business? A written plan is handy for forecasting, budgeting and presenting your idea to potential investors. A written plan is far preferable to one you keep in your head.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Industrial Production .

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

Thursday: Housing Starts, Jobless Claims.

Friday: Index of Leading Economic Indicators.

Source: Econoday, December 11, 2020

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: General Mills (GIS).

Friday: Darden Restaurants (DRI).

Source: Zacks, December 11, 2020

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.

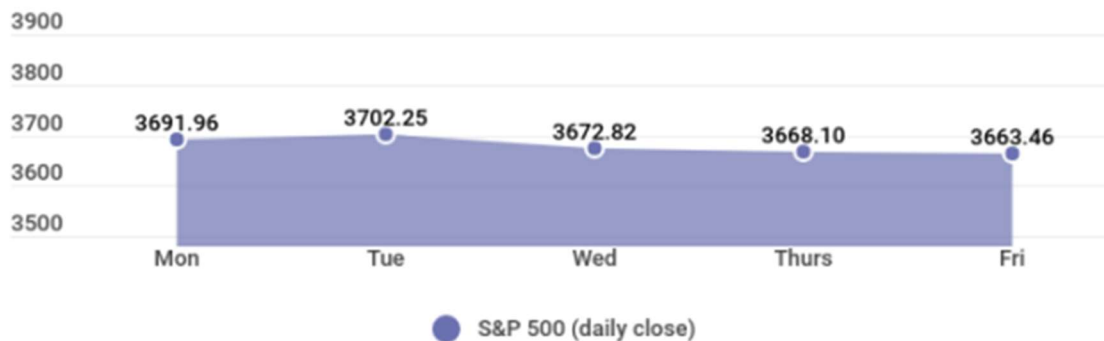
QUOTE OF THE WEEK



“You’re born an original. Don’t die a copy.”

JOHN MASON

Market Index	Close	Week	Y-T-D
DJIA	30,046.37	-0.57%	+5.28%
NASDAQ	12,377.87	-0.69%	+37.95%
MSCI-EAFE	2,100.00	-0.05%	+3.10%
S&P 500	3,663.46	-0.96%	+13.39%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.90%	-0.07%	-1.02%

Sources: The Wall Street Journal, December 11, 2020; Treasury.gov, December 11, 2020
 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 4, to Friday, December 11, close. Weekly performance for the MSCI-EAFE is measured from Friday, December 4, open to the Thursday, December 10, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



At a class reunion, everyone shakes hands exactly once with every person present. That results in a total of 28 handshakes. In total, how many people are at the reunion?

LAST WEEK'S RIDDLE: I have keys that will open no locks. I have a space and a lock that's a key. You can enter but you can't leave, and yet - you can escape. What am I?

ANSWER: A keyboard.

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, December 11, 2020
2. The Wall Street Journal, December 11, 2020

3. The Wall Street Journal, December 11, 2020
4. USAToday.com, December 8, 2020
5. CNBC.com, December 10, 2020
6. CNBC.com, December 9, 2020



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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