



**Personalized Service, Sophisticated Strategies**

*In this week's recap: Vaccinations and declining case numbers result in economic optimism;  
Fed Chair says no change for now.*

# Weekly Economic Update

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*Presented by Don Clark, MBA, CFP®, February 15, 2021*

## THE WEEK ON WALL STREET

Stock prices inched higher last week amid declining COVID-19 cases, a pick-up in vaccinations, and progress on a fiscal relief bill.

The Dow Jones Industrial Average gained 1.00%, while the Standard & Poor's 500 rose 1.23%. The Nasdaq Composite index climbed 1.73% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, added 1.80%. <sup>1,2,3</sup>

## STOCKS POST GAINS

Stocks powered higher to begin the week, buoyed by rising confidence in economic recovery and the potential for another round of fiscal stimulus. Small cap stocks continued their 2021 rally as investors looked for out-of-favor names that might benefit from an economic rebound.

Stocks traded in a tight range through the remainder of the week. Investors appeared to digest current stock price valuations, wondering if the market had already "priced in" the optimism of a rebounding economy.

On Wednesday, Fed Chair Powell gave assurances that the Fed's rate policy would remain unchanged for the foreseeable future. Some fear that inflation may pick up with broader reopenings and additional fiscal stimulus.

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On Thursday and Friday, stocks drifted mostly higher in quiet trading, managing to set some new all-time highs.

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## ECONOMIC EXPECTATIONS RISING

A survey by The Wall Street Journal showed increasing optimism among economists about economic growth for this year. <sup>6</sup>

Among the survey's findings, economists, on average, now expect the economy to expand by 4.9%, an increase from their average estimate of 4.3% last month. They are, however, somewhat less sanguine about employment as they now expect 4.8 million jobs to be added this year, versus an earlier expectation of 5.0 million. <sup>6</sup>

Economists are forecasting accelerating inflation as a consequence of economic growth and fiscal stimulus, but believe that there is only a 17.5% probability of an economic downturn in the next 12 months, an improvement from its 21.2% risk estimate in January. <sup>6</sup>

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### TIP OF THE WEEK



*A good will should propose at least a few executors, as there is always the possibility that your first choice for executor might not outlive you.*

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## THE WEEK AHEAD: KEY ECONOMIC DATA

**Wednesday:** Retail Sales. Industrial Production. Federal Open Market Committee (FOMC) Minutes.

**Thursday:** Jobless Claims. Housing Starts.

**Friday:** Existing Homes Sales. Purchasing Managers Index (PMI) Composite Flash.

Source: Econoday, February 12, 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

**Tuesday:** CVS Health Corp. (CVS), Agilent Technologies (A), Palantir Technologies, Inc. (PLTR).

**Wednesday:** Twilio, Inc. (TWLO), Shopify, Inc. (SHOP), Baidu (BIDU).

**Thursday:** Walmart (WMT), Albemarle (ALB), Roku (ROKU), Waste Management (WM), Ventas (VTR), Marriott International (MAR).

Source: Zacks, February 12, 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

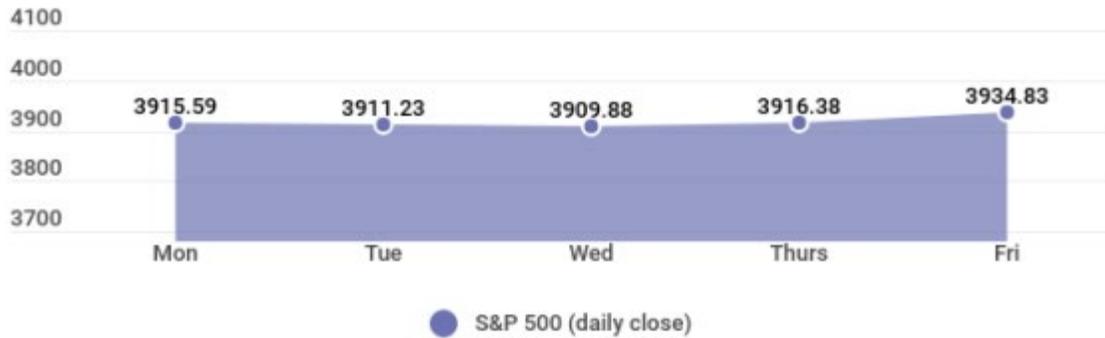


*“There have been as great souls unknown to fame as any of the most famous.”*

*BENJAMIN FRANKLIN*

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Market Index	Close	Week	Y-T-D
DJIA	31,458.40	+1.00%	+2.78%
NASDAQ	14,095.47	+1.73%	+9.37%
MSCI-EAFE	2,221.46	+1.80%	+3.44%
S&P 500	3,934.83	+1.23%	+4.76%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.21%	+0.04%	+0.28%

Sources: The Wall Street Journal, February 12, 2021; Treasury.gov, February 12, 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, February 5, to Friday, February 12, close. Weekly performance for the MSCI-EAFE is measured from Friday, February 5, open to Thursday, February 11, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## THE WEEKLY RIDDLE



*Two fathers and two sons went truffle hunting. Each found a truffle yet they found only three in all. Why?*

*LAST WEEK'S RIDDLE: Six cups are lined up in a row. Cups 1-3 on the left are full of juice; cups 4-6 on the right are empty. How can you arrange this row so empty and full glasses alternate while moving only one cup in the process?*

*ANSWER: Pour the juice from the second cup into the fifth cup.*

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Please feel free to send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

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#### CITATIONS:

1. The Wall Street Journal, February 12, 2021
2. The Wall Street Journal, February 12, 2021
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4. Board of Governors of the Federal Reserve System, February 19, 2021
5. CNBC.com, February 12, 2021
6. The Wall Street Journal, February 11, 2021



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