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In this week's recap: Stocks kept cool, even as inflation came in hot.

Weekly Economic Update

Presented by Don Clark, MBA, CFP®, June 14, 2021

THE WEEK ON WALL STREET

Stocks ended the week mixed as investors appeared to shrug off a hotter-than-expected inflation report.

The Dow Jones Industrial Average slipped 0.80%, while the Standard & Poor's 500 advanced 0.41%. The Nasdaq Composite index led, tacking on 1.85%. The MSCI EAFE index, which tracks developed overseas stock markets, rose 0.31%. ^{1,2,3}

ANOTHER QUIET WEEK

The market traded in a narrow range for much of last week as investors anxiously awaited the release of the Consumer Price Index (CPI) on Thursday.

May's CPI saw an increase in inflation that exceeded most expectations. Paradoxically, markets advanced on the news, sending the S&P 500 to a new record close and the technology-heavy Nasdaq Composite higher. Perhaps equally unexpected was the decline in the 10-year Treasury yield, which slipped to 1.45%, touching its lowest level in three months. ⁴

On Friday, stocks were unable to materially build on the previous day's advance, though the S&P 500 managed to add onto its record Thursday close.

INFLATION TRENDS

Consumer prices headed higher in May, rising 0.6% from April and by 5.0% from a year ago. It was the largest jump in the CPI since August 2008. Core inflation, which excludes food and energy prices, rose 3.8% — the sharpest increase in nearly three decades. ⁵

Automobile prices were one of the primary contributors to May's number. Used car and truck prices jumped 7.3% month-over-month and by 29.7% from a year ago. New cars experienced their highest monthly increase since October 2009 as a result of an inventory shortage stemming from tightness in the semiconductor supply. ⁶

TIP OF THE WEEK



Arranging a student loan? Make sure that your child is fully committed to getting a degree. Dropping out or intermittently attending college can mean carrying debt for years without the economic power to pay it off.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Retail Sales. Industrial Production.

Wednesday: FOMC (Federal Open Market Committee) Announcement.

Thursday: Index of Leading Economic Indicators. Jobless Claims.

Source: Econoday, June 11, 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: Oracle Corporation (ORCL).

Thursday: The Kroger Co. (KR).

Source: Zacks, June 11, 2021

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QUOTE OF THE WEEK



“One loyal friend is worth ten thousand relatives.”

EURIPIDES

Market Index	Close	Week	Y-T-D
DJIA	34,479.60	-0.80%	+12.65%
NASDAQ	14,069.42	+1.85%	+9.16%
MSCI-EAFE	2,365.09	+0.31%	+10.13%
S&P 500	4,247.44	+0.41%	+13.08%



Treasury	Close	Week	Y-T-D
 10-Year Note	1.47%	-0.09%	+0.54%

Sources: The Wall Street Journal, June 11, 2021; Treasury.gov, June 11, 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, June 4, to Friday, June 11, close. Weekly performance for the MSCI-EAFE is measured from Friday, June 4, open to Thursday, June 10, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



What common English word has three consecutive double letters?

LAST WEEK'S RIDDLE: I have cities, but no houses. I have mountains, but no trees. I have water, but no fish. What am I?

ANSWER: A map.

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CITATIONS:

1. The Wall Street Journal, June 11, 2021
2. The Wall Street Journal, June 11, 2021
3. The Wall Street Journal, June 11, 2021
4. The Wall Street Journal, June 11, 2021
5. CNBC, June 10, 2021
6. CNBC, June 10, 2021



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