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*In this week's recap: Stocks open week on big highs, but end with small losses due to Delta concerns and a lower GDP.*

# Weekly Economic Update

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*Presented by Don Clark, MBA, CFP®, August 2, 2021*

## THE WEEK ON WALL STREET

The stock market posted small losses last week despite a very strong showing by corporate America.

The Dow Jones Industrial Average slipped 0.36%, while the Standard & Poor's 500 lost 0.37%. The Nasdaq Composite index dropped 1.11% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, jumped 1.51%. <sup>1,2,3</sup>

## STOCKS TAKE A BREATH

There were plenty of excuses for stocks to retreat last week. News of a new phase in Chinese regulators' crackdown on large, private-sector companies, a decline in new home sales, and concerns about the Delta variant weighed on investors.

After opening the week adding to record highs, stocks turned lower despite an earnings season that continued to impress.

Solid earnings from the mega-cap technology companies were not enough to propel stocks higher. Instead, stocks slipped throughout the week, fighting uncertainty over Chinese stocks, a disappointing second-quarter Gross Domestic Product number, and a retreat in technology shares they reset to fresh company guidance.

## CHINESE CRACKDOWN

Chinese technology stocks were under pressure last week as Chinese regulators continued their push to rein in large companies for reasons that include data security, abusive corporate behavior, financial stability, and curtailing private-sector power.

Chinese government actions raised new levels of concerns about which industries may next fall in the crosshairs of regulators. American investors have plenty of exposure to Chinese companies. Substantial losses were felt by mutual funds and hedge funds, which account for about 86% of the holdings in the over 200 U.S.-listed Chinese companies whose aggregate market capitalization exceeds \$2 trillion. <sup>4</sup>

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#### TIP OF THE WEEK



*We all have impulses that can make us spend more and save less. Recognizing them can help us to improve our financial behaviors.*

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#### THE WEEK AHEAD: KEY ECONOMIC DATA

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

**Tuesday:** Factory Orders.

**Wednesday:** ADP (Automated Data Processing) Employment Report. ISM (Institute for Supply Management) Services Index.

**Thursday:** Jobless Claims.

**Friday:** Employment Situation Report.

Source: Econoday, July 30, 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:** Alibaba Group Holdings (BABA), Activision Blizzard, Inc. (ATVI), Amgen, Inc. (AMGN), Eli Lilly & Company (LLY), Diageo, PLC (DEO)

**Wednesday:** Roku, Inc. (ROKU), Prudential Financial, Inc. (PRU), CVS Health Corporation (CVS), General Motors, Inc. (GM), Etsy, Inc. (ETSY), Electronic Arts, Inc. (EA), MGM Resorts International (MGM), Match Group, Inc. (MTCH), Emerson Electric Co. (EMR), Booking Holdings (BKNG)

**Thursday:** Square, Inc. (SQ), Illumina, Inc. (ILMN), Duke Energy Corporation (DUK), Albemarle Corporation (ALB), Cigna Corporation (CI), Becton, Dickinson and Company (BDX), Regeneron Pharmaceuticals, Inc. (REGN)

**Friday:** Dominion Energy (D).

Source: Zacks, July 30, 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



*“I want to believe that there is a mountain so high that I will spend my entire life striving to reach the top of it.”*

CICELY TYSON

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Market Index	Close	Week	Y-T-D
DJIA	34,935.47	-0.36%	+14.14%
NASDAQ	14,672.68	-1.11%	+13.85%
MSCI-EAFE	2,341.81	+1.51%	+9.05%
S&P 500	4,395.26	-0.37%	+17.02%



Treasury	Close	Week	Y-T-D
10-Year Note	1.24%	-0.06%	+0.31%

Sources: The Wall Street Journal, July 30, 2021; Treasury.gov, July 30, 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, July 23, to Friday, July 30, close. Weekly performance for the MSCI-EAFE is measured from Friday, July 23, open to Thursday, July 29, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## THE WEEKLY RIDDLE



*A coin lies inside an otherwise empty bottle that has a cork inserted in its neck. How can you remove this coin without removing the cork or breaking the bottle?*

*LAST WEEK'S RIDDLE: When can you add two to eleven and get one as the correct answer?*

*ANSWER: When you add two hours to eleven o'clock, you get one o'clock.*

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1. The Wall Street Journal, July 30, 2021
2. The Wall Street Journal, July 30, 2021
3. The Wall Street Journal, July 30, 2021
4. Yahoo Finance, January 7, 2021