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In this week's recap: Federal Reserve says tapering likely in 2021, but no interest rate hikes for now.

Weekly Economic Update

Presented by Don Clark, MBA, CFP®, August 30, 2021

THE WEEK ON WALL STREET

The stock market powered to record levels last week amid talk of Fed tapering and a deceleration in new Delta variant cases.

The Dow Jones Industrial Average gained 0.96%, while the Standard & Poor's 500 increased 1.52%. The Nasdaq Composite index led, picking up 2.82%. The MSCI EAFE index, which tracks developed overseas stock markets, rose 1.39%. ^{1,2,3}

PUSHING HIGHER

Stocks surged to begin the week as investor sentiment improved on news of the FDA's approval of its first COVID-19 vaccine, a strong housing number and comments by the Federal Reserve Bank-Dallas president that he would support delaying tapering if the Delta variant spread worsened.

Stocks continued their climb through midweek, pushing the S&P 500 to another record high and the NASDAQ Composite above 15,000 for the first time. The S&P 500 and NASDAQ Composite closed the week at record highs following Fed Chair Powell's comments that Fed is likely to begin winding down its monthly bond purchases (aka tapering) by year-end, though no interest rate hikes were imminent. ⁴

POWELL SPEAKS

At last week's Jackson Hole Economic Policy Symposium, Fed Chair Jerome Powell's speech on Friday provided further insights into Fed plans to begin tapering. Powell said that the Fed may likely commence tapering prior to year-end, adding that the wind down of bond purchases should not be seen as a signal for future rate hikes. Powell emphasized that labor market conditions remain short of the Fed's target for maximizing employment. He also reiterated his case for why inflation remains a transitory phenomenon. ⁴

With a number of Regional Federal Reserve Bank presidents already supportive of tapering, investors may see more definitive steps coming out of next month's FOMC (Federal Open Market Committee) meeting.

TIP OF THE WEEK



Never leave money on the table when it comes to your 401(k) or 403(b). If your employer offers to match contributions, strive to contribute enough so that you get the match.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Consumer Confidence.

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

Thursday: Jobless Claims. Factory Orders.

Friday: Employment Situation Report. ISM (Institute for Supply Management) Services Index.

Source: Econoday, August 27, 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: Zoom Video Communications, Inc. (ZM).

Tuesday: Netease, Inc.. (NTES), CrowdStrike Holdings (CRWD).

Wednesday: Okta, Inc. (OKTA).

Thursday: Broadcom, Inc. (AVGO), MongoDB, Inc. (MDB), DocuSign, Inc. (DOCU).

Source: Zacks, August 27, 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



“What you do makes a difference, and you have to decide what kind of difference you want to make.”

JANE GOODALL

Market Index	Close	Week	Y-T-D
DJIA	35,455.80	+0.96%	+15.84%
NASDAQ	15,129.50	+2.82%	+17.39%
MSCI-EAFE	2,339.25	+1.39%	+8.93%
S&P 500	4,509.37	+1.52%	+20.06%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.31%	+0.05%	+0.38%

Sources: The Wall Street Journal, August 27, 2021; Treasury.gov, August 27, 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, August 20, to Friday, August 27, close. Weekly performance for the MSCI-EAFE is measured from Friday, August 20, open to Thursday, August 26, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



The more you take away, the bigger I become. What am I?

LAST WEEK'S RIDDLE: Aaron is the brother of Bob. Bob is the brother of Cody. Cody is the father of Dan. So how is Dan related to Aaron?

ANSWER: Aaron is Dan's uncle.

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CITATIONS:

1. The Wall Street Journal, August 27, 2021
2. The Wall Street Journal, August 27, 2021
3. The Wall Street Journal, August 27, 2021
4. CNBC, August 27, 2021



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