

In this week's recap: Mixed signals lead to a choppy week.

Weekly Economic Update

Presented by Keystone Financial Group, April 26, 2021

THE WEEK ON WALL STREET

The crosscurrents of strong corporate earnings, rising global cases of COVID-19, and the specter of higher capital gains taxes led to a choppy week of trading that left stock prices slightly lower for the week.

The Dow Jones Industrial Average lost 0.46%, while the Standard & Poor's 500 slipped 0.13%. The Nasdaq Composite index fell 0.25% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, dropped 0.47%.^{1,2,3}

A DIRECTIONLESS WEEK

Despite continued better-than-expected corporate earnings, stocks retreated as concerns over rising global COVID-19 infections weighed on investor sentiment. A mid-week rally erased much of these losses, with reopening stocks and small cap companies leading the market.

The stock market resumed its decline in reaction to reports that President Biden supported a capital gains tax increase on wealthy Americans. The Biden news prompted worries that stocks could come under pressure this year if such an increase were to go into effect next year.

Solid economic reports, along with a reassessment of the capital gains news, helped stocks to bounce back and close out the week on a positive note.

HOUSING SHOWS STRENGTH

Two housing market reports last week reflected strong consumer demand for homes.

Sales of new homes in March jumped by 20.7% from February and by more than 66% from last March, reaching levels not seen since 2006. All regions recorded double-digit gains, except for the West, which experienced a decline of 30%.⁴

Though existing home sales fell 3.7%, it wasn't for lack of consumer interest, as evidenced by the 18-day average to sell a home. The decline was largely an issue of tight inventories. This demand/supply imbalance drove median home prices higher by 17.2% from March 2020 to \$329,100.⁵

TIP OF THE WEEK



Save your business money by buying furnishings and equipment at bankruptcy auctions, government sales, closeouts and furniture rental outlets.

THE WEEK AHEAD: KEY ECONOMIC DATA

Monday: Durable Goods Orders.

Tuesday: Consumer Confidence.

Wednesday: Federal Open Market Committee (FOMC) Announcement.

Thursday: Jobless Claims. Gross Domestic Product (GDP).

Source: Econoday, April 23, 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: Tesla, Inc. (TSLA).

Tuesday: Microsoft (MSFT), Advanced Micro Devices, Inc. (AMD), Visa (V), Alphabet, Inc. (GOOGL), Starbucks (SBUX), Amgen, Inc. (AMGN), Eli Lilly and Company (LLY), 3M Company (MMM), Texas Instruments (TXN), United Parcel Service (UPS), Mondelez International (MDLZ).

Wednesday: Apple, Inc. (AAPL), Facebook (FB), Boeing (BA), Ford Motor Company (F), Qualcomm (QCOM), Shopify, Inc. (SHOP), Servicenow, Inc. (NOW), Teladoc Health, Inc. (TDOC), Ebay (EBAY).

Thursday: Amazon.com (AMZN), Twitter, Inc. (TWTR), Mastercard (MA), Bristol Myers Squibb (BMY), Caterpillar, Inc. (CAT), Merck & Company (MRK), McDonald's Corporation (MCD), Comcast Corporation (CMCSA), American Tower Corporation (AMT).

Friday: Abbvie, Inc (ABBV), Chevron (CVX), Charter Communications (CHTR).

Source: Zacks, April 23, 2021

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QUOTE OF THE WEEK



“Optimism is the faith that leads to achievement.”

HELEN KELLER

Market Index	Close	Week	Y-T-D
DJIA	34,043.49	-0.46%	+11.23%
NASDAQ	14,016.81	-0.25%	+8.76%
MSCI-EAFE	2,288.56	-0.47%	+6.57%
S&P 500	4,180.17	-0.13%	+11.29%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.58%	-0.01%	-0.65%

Sources: The Wall Street Journal, April 23, 2021; Treasury.gov, April 23, 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, April 16, to Friday, April 23, close. Weekly performance for the MSCI-EAFE is measured from Friday, April 16, open to Thursday, April 22, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



A certain month can begin on a Friday and end on a Friday as well. What month is it?

LAST WEEK'S RIDDLE: What number is 4 more than the number that is double one-fifth of one-tenth of 900?

ANSWER: 40 ($900 / 10 = 90 / 5 = 18 \times 2 = 36 + 4 = 40$).

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CITATIONS:

1. The Wall Street Journal, April 23, 2021.
2. The Wall Street Journal, April 23, 2021
3. The Wall Street Journal, April 23, 2021
4. Yahoo! News, April 23, 2021
5. CNBC, April 22, 2021