

In this week's recap: Employment reports and consumer confidence are up; stock market replies favorably.

Weekly Economic Update

Presented by Keystone Financial Group, July 5, 2021

THE WEEK ON WALL STREET

Strong employment reports and rising consumer confidence sent the stock market broadly higher last week.

The Dow Jones Industrial Average rose 1.02%, while the Standard & Poor's 500 picked up 1.67%. The Nasdaq Composite index gained 1.94%. The MSCI EAFE index, which tracks developed overseas stock markets, lost 1.42%.^{1,2,3}

STOCKS RALLY

Rising conviction in the economic recovery and waning inflation worries drove stock prices higher, with the S&P 500 and Nasdaq Composite racing to record closes to begin the week.

Amid the week-long march higher, market leadership changed hands throughout the five-trading days. The leadership baton alternated between the technology and high-growth companies, which responded to lower bond yields, and cyclical stocks, which rallied on higher oil prices and successful bank stress tests.

Economic news buoyed investor sentiment as consumer confidence rose and an improving labor market—weekly initial jobless claims came in at a pandemic-era low (364,000), while employers added 850,000 new jobs in June—sent the S&P 500 and Nasdaq Composite to new record highs to close out the week.^{4,5}

A CONFIDENT CONSUMER

Market sentiment was lifted by a rise in The Conference Board's Consumer Confidence Index, which reached its highest level since the onset of the pandemic in March 2020. This was the fourth-straight month of increases in consumer-confidence levels.⁶

The consumer outlook for income, business, and labor market conditions over the short-term improved markedly. Interestingly, consumer confidence and buying intentions appear largely

unaffected by the possibility of rising inflation. In fact, the survey showed a rise in the number of consumers expecting to purchase homes, automobiles, or home appliances. Vacation intentions also rose.⁶

TIP OF THE WEEK



Having a baby? Be sure to double-check your health coverage to see if it covers prenatal care, various delivery options, nursery costs, and more.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: ISM (Institute of Supply Management) Services Index.

Wednesday: JOLTS (Job Openings and Labor Turnover Survey) Report. FOMC (Federal Open Market Committee) minutes.

Thursday: Jobless Claims.

Source: Econoday, July 2, 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

Thursday: Helen of Troy Limited (HELE), Levi Strauss & Co. (LEVI).

Source: Zacks, July 2, 2021

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QUOTE OF THE WEEK



“Fight for the things that you care about, but do it in a way that will lead others to join you.”

RUTH BADER GINSBURG

Market Index	Close	Week	Y-T-D
DJIA	34,786.35	+1.02%	+13.66%
NASDAQ	14,639.33	+1.94%	+13.59%
MSCI-EAFE	2,309.27	-1.42%	+7.53%
S&P 500	4,352.34	+1.67%	+15.87%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.44%	-0.10%	+0.51%

Sources: The Wall Street Journal, July 2, 2021; Treasury.gov, July 2, 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 25, to Friday, July 2, close. Weekly performance for the MSCI-EAFE is measured from Friday, June 25, open to Thursday, July 1, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



What 11-letter word must always be spelled incorrectly?

LAST WEEK'S RIDDLE: Can you write down eight eights so that they add up to one thousand?

ANSWER: $888 + 88 + 8 + 8 + 8 = 1000$.

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CITATIONS:

1. The Wall Street Journal, July 2, 2021
2. The Wall Street Journal, July 2, 2021
3. The Wall Street Journal, July 2, 2021
4. The Wall Street Journal, July 2, 2021
5. CNBC, July 2, 2021
6. The Conference Board, June 29, 2021