

In this week's recap: Stocks reach all-time highs and the housing market showed significant improvement.

Weekly Economic Update

Presented by Keystone Financial Group, June 28, 2021

THE WEEK ON WALL STREET

Stocks reached new all-time highs last week as markets staged a strong rebound from the previous week's declines.

The Dow Jones Industrial Average rose 3.44%, while the Standard & Poor's 500 picked up 2.74%. The Nasdaq Composite index increased 2.35%. The MSCI EAFE index, which tracks developed overseas stock markets, gained 0.97%.^{1,2,3}

STOCKS CLIMB

Stocks rallied on the first day of trading last week and gained further momentum on Thursday and Friday. Despite some discouraging data on housing and initial jobless claims, stocks managed to set new highs, as investors cheered an agreement between President Biden and a group of senators that appeared to pave the way for the passage of a \$1 trillion infrastructure bill.⁴

Positive results from the Federal Reserve's stress tests of banks, which raised the prospect of banks raising their dividend payouts and share buybacks, and a key inflation measure coming in at market expectations provided impetus for further gains. The S&P 500 had its best week since February and ended the five-trading days at a record high.⁵

HOUSING HEADWINDS

Historically low mortgage rates, the COVID-19 pandemic, and a flush consumer have contributed to a very strong housing market in recent months. Last week's housing data for May, however, showed that housing may be running into headwinds. The rising cost of materials and labor led to a 5.9% decline in new single home sales in May even as the median price hit an all-time high.⁶

Meanwhile, sales of existing homes fell 0.9%, the fourth-straight month of declines, owing to a very low inventory. High demand, coupled with a depressed supply, led to a 23.6% increase in the median price of an existing home.⁷

TIP OF THE WEEK



Double-check that your legal documents (your will, power of attorney, and trusts) are appropriately titled.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Consumer Confidence.

Wednesday: ADP (Automated Data Processing) Employment Report.

Thursday: Jobless Claims. ISM (Institute of Supply Management) Manufacturing Index.

Friday: Employment Situation Report. Factory Orders.

Source: Econoday, June 25, 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

Wednesday: Micron Technology, Inc. (MU), Constellation Brands, Inc. (STZ), General Mills, Inc. (GIS).

Thursday: Walgreens Boots Alliance, Inc. (WBA), McCormick & Company, Inc. (MKC).

Source: Zacks, June 25, 2021

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QUOTE OF THE WEEK



“Lasting change is a series of compromises. And compromise is all right, as long your values don't change.”

JANE GOODALL

Market Index	Close	Week	Y-T-D
DJIA	34,433.84	+3.44%	+12.51%
NASDAQ	14,360.39	+2.35%	+11.42%
MSCI-EAFE	2,330.95	+0.97%	+8.54%
S&P 500	4,280.70	+2.74%	+13.97%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.54%	-0.10%	+0.61%

Sources: The Wall Street Journal, June 25, 2021; Treasury.gov, June 25, 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 18, to Friday, June 25, close. Weekly performance for the MSCI-EAFE is measured from Friday, June 18, open to Thursday, June 24, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



Can you write down eight eights so that they add up to one thousand?

LAST WEEK'S RIDDLE: Before Mt. Everest was measured, in 1819, what was the highest mountain on earth?

ANSWER: Mt. Everest was the highest - it simply hadn't been measured yet.

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CITATIONS:

1. The Wall Street Journal, June 25, 2021
2. The Wall Street Journal, June 25, 2021
3. The Wall Street Journal, June 25, 2021
4. CNBC, June 23, 2021
5. CNBC, June 23, 2021
6. Fox Business, June 23, 2021
7. CNBC, June 22, 2021