

In this week's recap: Financial contagion concerns and a positive word from the Fed bookend a wild week.

Weekly Economic Update

Presented by RTN Financial & Retirement Group, September 27, 2021

THE WEEK ON WALL STREET

Stocks prices were whipsawed last week, dragged initially lower by financial contagion worries and later lifted by a supportive Fed policy statement.

The Dow Jones Industrial Average gained 0.62%, while the Standard & Poor's 500 advanced 0.51%. The Nasdaq Composite index was flat (+0.02%) for the week. The MSCI EAFE index, which tracks developed overseas stock markets, ticked higher by 0.20%.^{1,2,3}

A WILD WEEK

Last week began with a sharp sell-off on contagion concerns that the financial difficulties of a large, debt-laden Chinese property developer could spread to other parts of the global financial system. This added to an existing list of worries that included Delta variant infections, slowing economic activity, debt ceiling brinkmanship in Washington, and Fed tapering uncertainty.

By mid-week stocks bounced back strongly on news that downgraded the risk coming from China and a Fed announcement that its bond purchases would continue, though it did anticipate a moderation in such purchases coming soon. When the dust settled, a week that had appeared set for losses ended in small gains.

COMING SOON

The Federal Reserve concluded its FOMC (Federal Open Market Committee) meeting last week, announcing that it may start tapering its monthly bond purchases soon, perhaps as early as November, and could raise rates sometime next year.⁴

Fed Chair Jerome Powell provided further detail in a subsequent press conference, saying that bond purchases may end entirely by the middle of 2022. The support for hiking interest rates also increased, with half of the 18 Fed officials expecting interest rates to be higher by the close

of next year, up from just seven who thought similarly in June. The Fed also cut its GDP growth projection to 5.9%, compared with its June estimate of 7%, while raising its inflation forecast from 3% to 3.7%.^{5,6}

TIP OF THE WEEK



If you are a new parent, you have 18 years to save for your child's university tuition. Consider opening an education account in which earnings can compound with tax deferral.

THE WEEK AHEAD: KEY ECONOMIC DATA

Monday: Durable Goods Orders.

Tuesday: Consumer Confidence.

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

Friday: ISM (Institute for Supply Management) Manufacturing Index.

Source: Econoday, September 24, 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

Tuesday: Micron Technologies, Inc. (MU).

Wednesday: Cintas Corporation (CTAS).

Thursday: McCormick & Company (MKC), CarMax, Inc. (KMX).

Source: Zacks, September 24, 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.

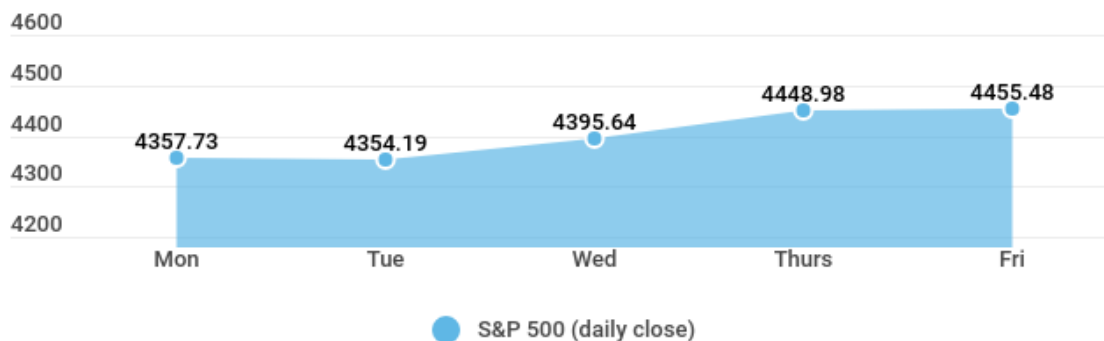
QUOTE OF THE WEEK



*“Spread love everywhere you go. Let no one ever come to you
without leaving happier.”*

MOTHER TERESA

Market Index	Close	Week	Y-T-D
DJIA	34,798.00	+0.62%	+13.69%
NASDAQ	15,047.70	+0.02%	+16.75%
MSCI-EAFE	2,353.16	+0.20%	+9.58%
S&P 500	4,455.48	+0.51%	+18.62%



Treasury	Close	Week	Y-T-D
10-Year Note	1.47%	+0.09%	+0.54%

Sources: The Wall Street Journal, September 24, 2021; Treasury.gov, September 24, 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, September 17, to Friday, September 24, close. Weekly performance for the MSCI-EAFE is measured from Friday, September 17, open to Thursday, September 23, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



What can you hold in your right hand, but never in your left hand?

LAST WEEK'S RIDDLE: What are the next three letters in this combination? OTTFSS

ANSWER: E N T. Each letter represents the first letter of written numbers (one, two, three, four, five, six, and seven).



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The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

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CITATIONS:

1. The Wall Street Journal, September 24, 2021
2. The Wall Street Journal, September 24, 2021
3. The Wall Street Journal, September 24, 2021
4. The Wall Street Journal, September 22, 2021
5. The Wall Street Journal, September 22, 2021
6. CNBC, September 22, 2021