

In this week's recap: Strong week on Wall Street, despite concerns with inflation, supply chain, and other matters

Weekly Economic Update

Presented by RTN Financial & Retirement Group, October 25, 2021

THE WEEK ON WALL STREET

Stocks rallied last week on a stream of positive corporate earnings surprises.

The Dow Jones Industrial Average rose 1.08%, while the Standard & Poor's 500 advanced 1.64%. The Nasdaq Composite index gained 1.29% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, was up 0.23%.^{1,2,3}

EARNINGS IGNITE RALLY

Fears over inflation, supply shortages, and slowing economic growth in China were pushed aside last week as investors reacted to a daily succession of positive corporate earnings surprises. After the Dow Industrials reached an all-time high intraday on Wednesday, fresh earnings reports, an increase in existing home sales, and a new pandemic low in initial jobless claims—and continuing claims—propelled the S&P 500 index to a new record high the following session.^{4,5}

Disappointing earnings before the market opened on Friday hurt a few social media stocks, resulting in a choppy trading session and a selloff in the Nasdaq to close out the week.

SOLID START TO SEASON

Investors came into the earnings season anxious about whether businesses could extend the earnings growth momentum of recent quarters amid an increase in Delta infections, inflation, labor shortages, and supply-chain bottlenecks. The early results were encouraging. Of the 23% of companies comprising the S&P 500 index that have reported, 84% beat Wall Street consensus earnings estimates by an average of more than 13%.⁶

The earnings season may get more uneven in coming weeks since many of the companies potentially affected by labor shortages and inflation have yet to report. Nevertheless, these better-than-expected earnings buoyed investor spirits and allowed stocks to build on their October gains.

TIP OF THE WEEK



While no one likes to think about their funeral, preplanned or prepaid funeral arrangements may be a financially smart move and may relieve your heirs of some stress when the time comes.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: New Home Sales. Consumer Confidence.

Wednesday: Durable Goods Orders.

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

Friday: Consumer Sentiment.

Source: Econoday, October 22, 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: Facebook (FB), KimberlyClark Corporation (KMB).

Tuesday: Microsoft Corporation (MSFT), General Electric Company (GE), Advanced Micro Devices, Inc. (AMD), Twitter, Inc. (TWTR), Visa, Inc. (V), Alphabet, Inc. (GOOGL), Lockheed Martin Corporation (LMT), Eli Lilly and Company (LLY), Texas Instruments (TXN), United Parcel Service (UPS), Capital One Financial Corporation (COF).

Wednesday: The Boeing Company (BA), Ford Motor Company (F), Bristol Myers Squibb Company (BMY), General Motors (GM), Twilio, Inc. (TWLO), CocaCola Company (KO), McDonald's Corporation (MCD), GlaxoSmithKline (GSK), ServiceNow, Inc. (NOW), Spotify Technology (SPOT), General Dynamics Corporation (GD).

Thursday: Apple, Inc. (AAPL), Mastercard (MA), Caterpillar, Inc. (CAT), Starbucks Corporation (SBUX), Merck & Company, Inc. (MRK), Shopify, Inc. (SHOP), Northrop Grumman Corporation (NOC), Comcast Corporation (CMCSA), Illinois Tool Works, Inc. (ITW).

Friday: AbbVie, Inc. (ABBV), Exxon Mobil Corporation (XOM), Chevron Corporation (CVX), LyondellBasell Industries N.V. (LYB).

Source: Zacks, October 22, 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.

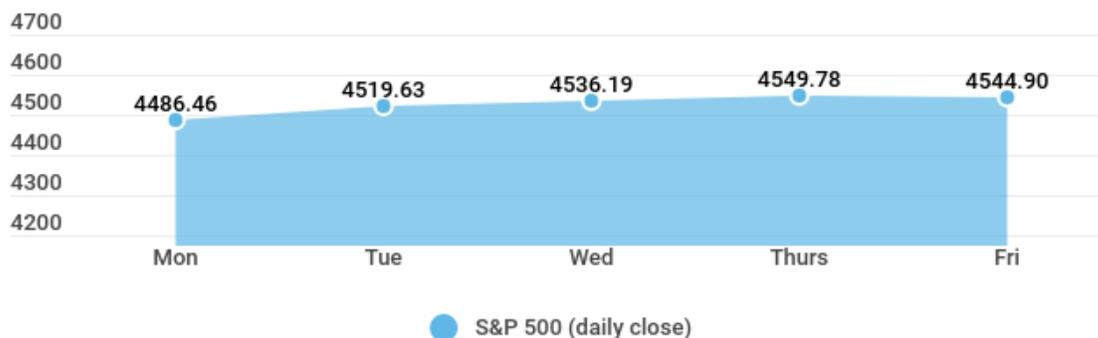
QUOTE OF THE WEEK



“Give what you have to somebody; it may be better than you think.”

HENRY WADSWORTH LONGFELLOW

Market Index	Close	Week	Y-T-D
DJIA	35,677.02	+1.08%	+16.57%
NASDAQ	15,090.20	+1.29%	+17.08%
MSCI-EAFE	2,329.83	+0.23%	+8.49%
S&P 500	4,544.90	+1.64%	+21.00%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.66%	+0.07%	+0.73%

Sources: The Wall Street Journal, October 22, 2021; Treasury.gov, October 22, 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, October 15, to Friday, October 22, close.

Weekly performance for the MSCI-EAFE is measured from Friday, October 15, open to Thursday, October 21, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



If you add 1.5 to this number, you will get the same result as you would if you multiplied it by 1.5. What number is it? (Hints: It is a whole number, it is not zero, and it is between 1 and 10.)

LAST WEEK'S RIDDLE: What nine-letter word begins and ends with the letter "S" and has only one vowel?

ANSWER: Strengths.



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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, October 22, 2021
2. The Wall Street Journal, October 22, 2021
3. The Wall Street Journal, October 22, 2021
4. CNBC, October 20, 2021
5. The Wall Street Journal, October 21, 2021
6. FactSet, October 22, 2021