

*In this week's recap: The White House signs COVID-19 fiscal relief bill into law; the economy reacted positively.*

# Weekly Economic Update

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*Presented by Midland Wealth Management, March 15, 2021*

## THE WEEK ON WALL STREET

Stocks touched new record highs last week as bond yields steadied, a fiscal relief bill was signed into law, and confidence in a strong economic recovery grew.

The Dow Jones Industrial Average gained 4.07%, while the Standard & Poor's 500 tacked on 2.64%. The Nasdaq Composite index rose 3.09% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, gained 3.01%.<sup>1,2,3</sup>

## DOW 32,000

Stocks marched higher as bond yields leveled off and the \$1.9 trillion stimulus bill moved through the legislative process. A muted inflation number and a better-than-expected jobless claims report evidenced an improving economy absent an attendant rise in inflation.<sup>4</sup>

The technology sector was particularly volatile, with the NASDAQ Composite falling into correction territory to start the week as investors rotated into cyclical opportunities.

Technology rebounded strongly as bond yields stabilized and bargain hunters purchased tech names at reduced prices. The bounceback propelled the S&P 500 to a record high, while the reopening trade drove the Dow Industrials above 32,000 for the first time.<sup>5,6</sup>

The week ended on a mixed note, with the Dow and S&P 500 adding to their record closes and the NASDAQ Composite trimming its weekly gain.

## TREASURY AUCTIONS

Treasury auctions to finance federal spending are usually staid affairs, but investor trepidation was high ahead of last week's auctions of 10-year and 30-year Treasuries. Investors were concerned that lukewarm demand amid a huge supply had the potential to drive yields higher and take the pressure on stock prices lower.

As it turned out, Wednesday's auction of 10-year Notes was received with adequate demand, helped by a tame February inflation number and strong overseas interest. The following day's 30-year auction also went relatively smoothly, though the auction yield was 36.2 basis points higher than last month's auction. Despite \$120 billion of federal debt issuance last week, yields steadied, easing investors' interest rate concerns for the moment.<sup>7</sup>

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#### TIP OF THE WEEK



*While scholarships are offered to students, no one offers a scholarship for retirement. Consider putting your own retirement before any college plans.*

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#### THE WEEK AHEAD: KEY ECONOMIC DATA

**Tuesday:** Retail Sales. Industrial Production.

**Wednesday:** Housing Starts. Federal Open Market Committee (FOMC) Meeting Announcement.

**Thursday:** Jobless Claims. Index of Leading Economic Indicators.

Source: Econoday, March 12, 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:** Coupa Software (COUP).

**Wednesday:** Five Below (FIVE), Cintas Corporation (CTAS).

**Thursday:** FedEx Corporation (FDX), Nike, Inc. (NKE), Dollar General (DG).

Source: Zacks, March 12, 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.

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QUOTE OF THE WEEK

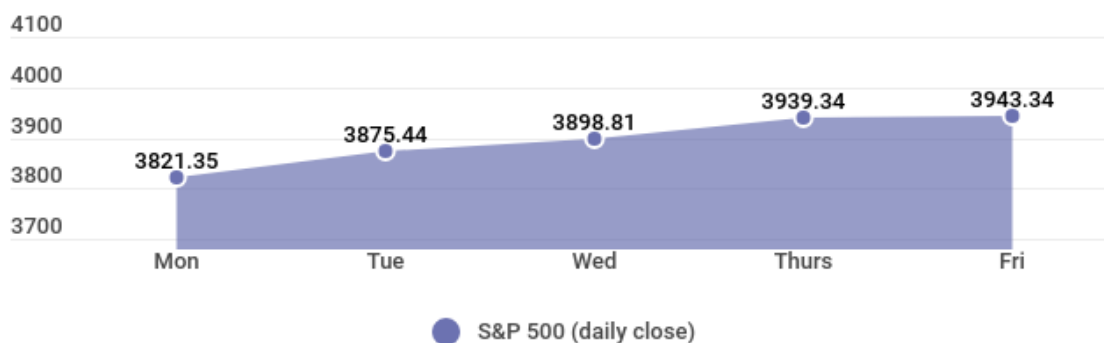



*“The secret of being boring is to say everything.”*

VOLTAIRE

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Market Index	Close	Week	Y-T-D
DJIA	32,778.64	+4.07%	+7.10%
NASDAQ	13,319.86	+3.09%	+3.35%
MSCI-EAFE	2,220.46	+3.01%	+3.40%
S&P 500	3,943.34	+2.64%	+4.99%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.64%	+0.8%	+0.71%

Sources: The Wall Street Journal, March 12, 2021; Treasury.gov, March 12, 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, March 5, to Friday, March 12, close. Weekly performance for the MSCI-EAFE is measured from Friday, March 5, open to Thursday, March 11, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## THE WEEKLY RIDDLE



*Where does today come before yesterday?*

*LAST WEEK'S RIDDLE: The name of a particular insect is six letters long. You can lop off the last three letters from its name and end up with the name of another insect. What is this six-letter word?*

*ANSWER: Beetle.*

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Please mark [wealthmanagement@mkt-midlandsb.com](mailto:wealthmanagement@mkt-midlandsb.com) as an approved sender in your email to receive our communications.

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The market indexes discussed are unmanaged, and generally, considered representative of their respective markets. Index performance is not indicative of the past performance of a particular investment. Indexes do not incur management fees, costs, and expenses. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results.

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.

U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

Please consult your financial professional for additional information.

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CITATIONS:

1. The Wall Street Journal, March 12, 2021

2. The Wall Street Journal, March 12, 2021
3. The Wall Street Journal, March 12, 2021
4. Bloomberg.com, March 10, 2021
5. CNBC, March 11, 2021
6. The Wall Street Journal, March 10, 2021
7. The Street, March 11, 2021