

In this week's recap: Weakness in tech and high-growth stocks leads to a rocky week; Yellen and Powell signal optimism.

Weekly Economic Update

Presented by Midland Wealth Management, March 29, 2021

THE WEEK ON WALL STREET

A rocky week with wide price swings led to mixed results for stocks last week, as investors grappled with anxieties over economic growth and weakness in technology and other high-growth stocks.

The Dow Jones Industrial Average added 1.36%, while the Standard & Poor's 500 gained 1.57%. The Nasdaq Composite index fell 0.58% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, slipped 1.67%.^{1,2,3}

STOCKS CHURN

After a promising start to the week, stocks turned negative on mounting concerns about economic growth in Europe, with broad losses in energy, cyclicals, and technology.

Though bond yields backed off their highs and Secretary of the Treasury Janet Yellen and Fed Chair Jerome Powell both struck an optimistic tone on the economy, stocks posted back-to-back losses on Tuesday and Wednesday.

Thursday trading was emblematic of the week's volatile action. The S&P 500 dropped nearly one percent earlier in the day following Powell's comment about the Fed eventually rolling back its bond purchase program, then rallied to close with a 0.5% gain.⁴

Stocks rallied into the Friday close, pushing the Dow and S&P 500 into positive territory and paring the losses on the Nasdaq Composite.

TECH REMAINS UNDER PRESSURE

The losses in technology and other high-growth stocks in recent weeks have largely been attributed to the sharp and rapid rise in bond yields.

So, it was both interesting and a bit confounding that last week saw yields pull back, and rather than helping support these companies' stock prices, many technology stocks continued to decline. The failure to rally on lower yields may be pointing to other reasons for their price weakness. Some are concerned about current prices, and believe there may be better growth opportunities in more fairly-valued companies. The "fear of missing out" that propelled investors to pile into these stocks over the last twelve months appears to have moderated.

TIP OF THE WEEK



If you are expecting a child, take a moment to calculate the amount left on your mortgage and to roughly estimate the future cost of his or her college education. Besides defining some financial goals, this may also help you determine how much life insurance you should consider.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Consumer Confidence.

Wednesday: ADP (Automated Data Processing) Employment Report.

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

Friday: Employment Situation Report.

Source: Econoday, March 26, 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: Lululemon Athletica (LULU), Chewy, Inc. (CHWY).

Wednesday: Micron Technology, Inc. (MU), Walgreens Boots Alliance (WBA).

Thursday: Carmax, Inc. (KMX).

Source: Zacks, March 26, 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.

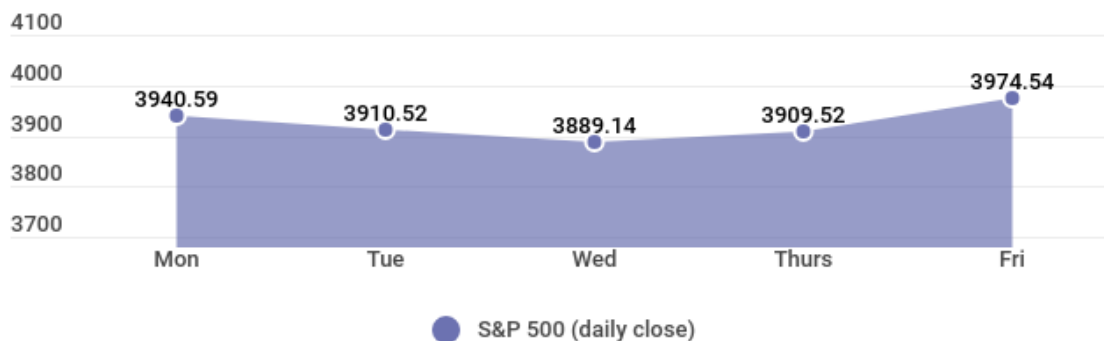
QUOTE OF THE WEEK




“Those who dream by day are cognizant of many things which escape those who dream only by night.”

EDGAR ALLEN POE

Market Index	Close	Week	Y-T-D
DJIA	33,072.88	+1.36%	+8.06%
NASDAQ	13,138.72	-0.58%	+1.94%
MSCI-EAFE	2,194.08	-1.67%	+2.17%
S&P 500	3,974.54	+1.57%	+5.82%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.67%	-0.07%	+0.74%

Sources: The Wall Street Journal, March 26, 2021; Treasury.gov, March 26, 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 19, to Friday, March 26, close. Weekly performance for the MSCI-EAFE is measured from Friday, March 19, open to Thursday, March 25, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



Christine likes grapes but not potatoes. She likes squash but not lettuce, and peas but not onions. Following the same rule, will she like pumpkins or apples?

LAST WEEK'S RIDDLE: I have no heart or mind, but I do have two legs. Yet they only touch the ground when I am not carrying things around. What am I?

ANSWER: A wheelbarrow.

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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 26, 2021
2. The Wall Street Journal, March 26, 2021
3. The Wall Street Journal, March 26, 2021
4. CNBC, March 25, 2021