

In this week's recap: Despite continued COVID-19 woes and unrest in Washington D.C., the stock market starts 2021 on a high.

Weekly Economic Update

Presented by Pat Kennedy-Baxter, Financial & Investment Advisor Representative

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THE WEEK ON WALL STREET

Shrugging off COVID-19 infections and the disruption at the Capitol on January 6, stocks powered higher to kick off a new year of trading.

The Dow Jones Industrial Average gained 1.61%, while the Standard & Poor's 500 increased by 1.83%. The Nasdaq Composite index, which led throughout 2020, picked up 2.43%. The MSCI EAFE index, which tracks developed overseas stock markets, rose 1.45%.^{1,2,3}

FIREWORKS TO START THE NEW YEAR

Stocks got off to an inauspicious start amid the stuttering pace of vaccine distribution and concern that the economic recovery might take longer than anticipated. Uncertainty over the looming Senate runoff election in Georgia added to the broad retreat that marked the first day of 2021 trading.

From there markets turned higher, aided by firming oil prices with subsequent support provided by the Georgia Senate election results, which lifted hopes of additional fiscal stimulus. Stocks managed through political unrest mid-week, with banks, economically sensitive stocks, and technology shares leading the way.

The yield on the 10-year Treasury rose above 1% for the first time since March as investors fled bonds in anticipation of new federal borrowing.⁴

Stocks touched all-time highs on the final trading day, capping a strong week of performance.⁵

EMPLOYMENT PICTURE

The U.S. economy lost 140,000 jobs in December, confirming fears of economic slowdown brought on by a resurgence of COVID-19 infections.

Not surprisingly, it was restaurants and bars that saw the greatest job losses, with the larger hospitality sector accounting for nearly all the job losses last month. Meanwhile, November job creation was revised upward, from 245,000 to 336,000.⁶

To help put the pandemic in perspective, December's job report capped the worst year for job losses since the tracking began in 1939. The unemployment rate remained unchanged at 6.7%.⁷

TIP OF THE WEEK



*When it comes to couples and money, a strategy is better than an assumption.
Discuss your financial goals together and stick to the approach you make to
pursue them.*

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Job Openings and Labor Turnover Survey (JOLTS).

Wednesday: Consumer Price Index (CPI).

Thursday: Initial Jobless Claims.

Friday: Retail Sales, Consumer Sentiment, Industrial Production.

Source: Econoday, January 8, 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: KB Home (KBH).

Thursday: Blackrock (BLK).

Friday: JPMorgan Chase (JPM), Citigroup (C), PNC Financial (PNC).

Source: Zacks, January 8, 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.

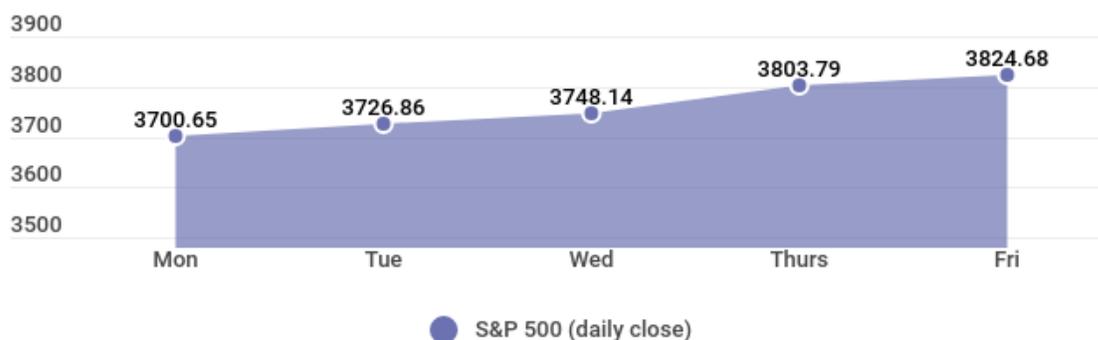
QUOTE OF THE WEEK



“Fun is a good thing, but only when it spoils nothing better.”

GEORGE SANTAYANA

Market Index	Close	Week	Y-T-D
DJIA	31,097.97	+1.61%	+1.61%
NASDAQ	13,201.98	+2.43%	+2.43%
MSCI-EAFE	2,178.63	+1.45%	+1.45%
S&P 500	3,824.68	+1.83%	+1.83%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.13%	+0.20%	+0.20%

Sources: The Wall Street Journal, January 8, 2021; Treasury.gov, January 8, 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 Thursday, December 31, to Friday, January 8, close. Weekly performance for the MSCI-EAFE is measured from Thursday, December 31, open to the Thursday, January 7, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



Yesterday was Wednesday's tomorrow. Tomorrow is Sunday's yesterday. Given those circumstances, what day would today be?

LAST WEEK'S RIDDLE: The railings on a 60-yard-long walkway have ornamental sculptures every 12 yards on both sides, starting at the east and west ends of the walkway. How many total sculptures are there on the walkway?

ANSWER: 12 sculptures total, as there are 6 per side if they occur every 12 yards (0-12-24-36-48-60).

Pat Baxter may be reached at 510-409-0086 or pat@reaplegacy.com

www.Reaplegacy.com

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CITATIONS:

1. The Wall Street Journal, January 8, 2021
2. The Wall Street Journal, January 8, 2021
3. The Wall Street Journal, January 8, 2021
4. The Wall Street Journal, January 6, 2021
5. CNBC, January 8, 2021
6. The Wall Street Journal, January 8, 2021
7. The Wall Street Journal, January 8, 2021