

In this week's recap: The markets went back to basics this week, showing optimism for positive COVID-19 news.

Weekly Economic Update

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

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THE WEEK ON WALL STREET

Stocks notched strong gains last week, paced by a string of solid economic reports and consensus-beating corporate earnings.

The Dow Jones Industrial Average gained 3.89%, while the Standard & Poor's 500 advanced 4.65%. The Nasdaq Composite index jumped 6.01% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, climbed 1.96%.^{1,2,3}

BULL STORY REMAINS INTACT

As the social media trading frenzy fizzled, investors were able to focus on more fundamental issues, like economic data and a fresh batch of corporate earnings. Pleased by an economy that appeared to be growing stronger, coronavirus cases in decline, and an improving vaccine rollout, investors bought stocks with enthusiasm.

The rally last week was broadly based, with the Energy, Financial, Communication Services, and Technology sectors posting gains.

The stock market's optimism on an improving economy was seconded by the bond market as the 30-year Treasury rate rose to nearly 2.0% by Friday. When yields rise, bond prices fall. Falling bond prices may indicate that investors are less interested in Treasuries and more interested in other investments that benefit from a stronger economy. Rising yields may also reflect worries that a growing economy may spark inflation that may lead the Fed to rethink its zero-rate policy.⁴

THE INEVITABLE DENOUEMENT

It was just two weeks ago that a social media chat forum appeared to contribute to a buying frenzy in a handful of struggling companies, unsettling Wall Street and capturing the nation's attention.

These stocks staged a broad retreat last week as more was learned about the trading activity.

A similar social media-inspired buying effort was also initiated on silver. But silver prices experienced a modest gain before quickly reversing direction just days later.⁵

TIP OF THE WEEK



Take a look at your insurance policy and read the fine print about progressive illness in case you or a loved one are one day diagnosed with Alzheimer's Disease, Parkinson's Disease, or other forms of neurological disease.

THE WEEK AHEAD: KEY ECONOMIC DATA

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

Wednesday: Consumer Price Index (CPI).

Thursday: Jobless Claims.

Friday: Consumer Sentiment.

Source: Econoday, February 5, 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: Simon Property Group (SPG).

Tuesday: Twitter (TWTR), Welltower, Inc. (WELL), KKR & Co. (KKR), Martin Marietta (MLM), Fiserv (FISV).

Wednesday: Cisco Systems, Inc. (CSCO), General Motors (GM), Coca Cola (KO).

Thursday: Walt Disney (DIS), AstraZeneca (AZN).

Friday: Dominion Energy (D).

Source: Zacks, February 5, 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.

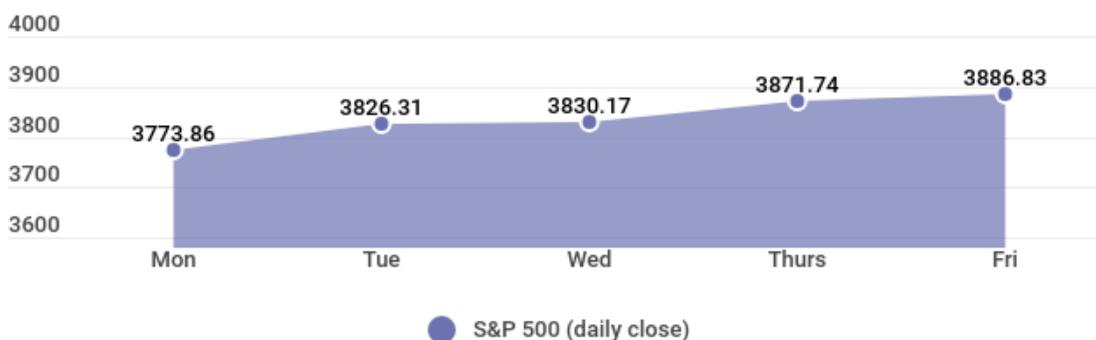
QUOTE OF THE WEEK



“To be humble to superiors is duty, to equals courtesy, to inferiors nobleness.”

BENJAMIN FRANKLIN

| Market Index | Close | Week | Y-T-D |
|--------------|-----------|--------|--------|
| DJIA | 31,148.24 | +3.89% | +1.77% |
| NASDAQ | 13,856.30 | +6.01% | +7.51% |
| MSCI-EAFE | 2,165.73 | +1.96% | +0.85% |
| S&P 500 | 3,886.83 | +4.65% | +3.48% |



| | Treasury | Close | Week | Y-T-D |
|--|--------------|-------|--------|--------|
| | 10-Year Note | 1.17% | +0.06% | +0.24% |

Sources: The Wall Street Journal, February 5, 2021; Treasury.gov, February 5, 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, January 29, to Friday, February 5, close.

Weekly performance for the MSCI-EAFE is measured from Friday, January 29, open to Thursday, February 4, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



Six cups are lined up in a row. Cups 1-3 on the left are full of juice; cups 4-6 on the right are empty. How can you arrange this

row so empty and full glasses alternate while moving only one cup in the process?

LAST WEEK'S RIDDLE: It can certainly be measured, yet it has no length, width, or height. What is it?

ANSWER: The temperature.

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CITATIONS:

1. The Wall Street Journal, February 5, 2021
2. The Wall Street Journal, February 5, 2021
3. The Wall Street Journal, February 5, 2021
4. The Wall Street Journal, February 5, 2021
5. CNBC, February 4, 2021