

*In this week's recap: Milder Omicron news boosts stocks.*

# Weekly Economic Update

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*A Message from your MEMBERS Financial Services Team*

*December 2021*

## THE WEEK ON WALL STREET

A more benign reassessment of the possible economic risk posed by Omicron sent stocks sharply higher last week.

The Dow Jones Industrial Average picked up 4.02%, while the Standard & Poor's 500 advanced 3.82%. The Nasdaq Composite index gained 3.61% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, rose 2.74%.<sup>1,2,3</sup>

## ASSESSING OMICRON

Though much is still unknown about the Omicron variant, reports of potentially milder health effects and the efficacy of booster shots ignited optimism that its economic impact would be less severe than originally feared.

Stocks rallied higher each of the first three days, with strong gains in many of the reopening stocks, such as airlines, travel and leisure, financials, and energy. The performance of high-valuation growth companies was a bit more erratic as they rose and fell sharply throughout much of the week. Weakening Thursday, stocks turned higher on Friday despite a hot inflation number, pushing the S&P 500 to a new record high.<sup>4</sup>

## INFLATION FACTOR

November's Consumer Price Index (CPI) came in at a nearly 40-year high, rising 0.8% from the previous month and 6.8% from a year ago. It is the 6th-consecutive month that inflation has exceeded 5%. Core inflation (excluding the more volatile food and energy prices) came in lower, but still posted its sharpest jump since 1991.<sup>5</sup>

Economists have attributed this elevated inflation rate to strong consumer demand, a shortage of goods due to supply chain constraints, and strong wage growth. How long this high level of inflation persists is unknown, but the Fed has begun considering policy steps to manage it.

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#### TIP OF THE WEEK



*Update your will. It is just as important as having one. If you drafted a will years ago, the information is likely in need of some adjustments. Be sure to revisit your will often and keep it up to date.*

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#### THE WEEK AHEAD: KEY ECONOMIC DATA

**Wednesday:** Retail Sales. FOMC (Federal Open Market Committee) Announcement.

**Thursday:** Jobless Claims. Housing Starts. Industrial Production. PMI (Purchasing Managers' Index) Composite Flash.

Source: Econoday, December 10, 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

**Thursday:** Adobe, Inc. (ADBE), FedEx Corporation (FDX), Lennar Corporation (LEN).

**Friday:** Darden Restaurants, Inc. (DRI).

Source: Zacks, December 10, 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.

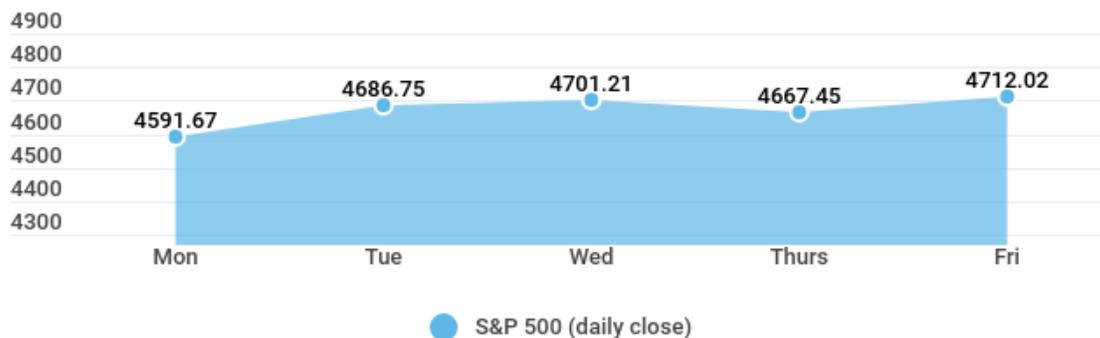
QUOTE OF THE WEEK



*“Never be limited by other people’s limited imaginations.”*

MAE JEMISON

Market Index	Close	Week	Y-T-D
DJIA	35,970.99	+4.02%	+17.53%
NASDAQ	15,630.60	+3.61%	+21.28%
MSCI-EAFE	2,296.30	+2.74%	+6.93%
S&P 500	4,712.02	+3.82%	+25.45%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.48%	+0.13%	+0.55%

Sources: The Wall Street Journal, December 10, 2021; Treasury.gov, December 10, 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, December 3, to Friday, December 10, close. Weekly performance for the MSCI-EAFE is measured from Friday, December 3, open to Thursday, December 9, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

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## THE WEEKLY RIDDLE



*I never ask you questions, yet you answer me all the time. What am I?*

*LAST WEEK'S RIDDLE: You sit down to play chess. Out of the 16 pieces you have at your disposal, how many of them could be used to make your first move?*

*ANSWER: 10 (eight pawns and two knights).*

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### **Know someone who could use information like this?**

Please feel free to send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

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«RepresentativeEmailDisclosure»

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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, December 10, 2021
2. The Wall Street Journal, December 10, 2021
3. The Wall Street Journal, December 10, 2021
4. CNBC, December 10, 2021
5. The Wall Street Journal, December 10, 2021