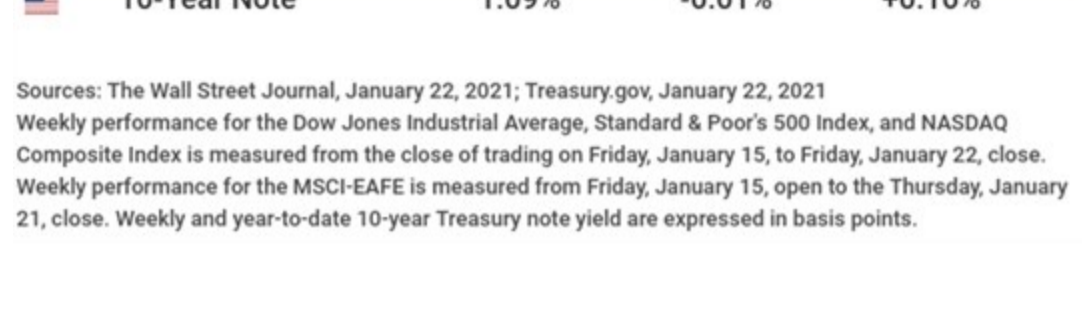


Anticipation of a new fiscal stimulus and improved vaccine distribution powered stocks to fresh record highs last week with technology stocks leading the way.

The Dow Jones Industrial Average gained 0.59%, while the Standard & Poor's 500 picked up 1.94%. The Nasdaq Composite index led, gaining 4.19% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, rose by 1.15%.^{1,2,3}

Market Insights

Market Index	Close	Week	Y-T-D
DJIA	30,996.98	+0.59%	+1.28%
NASDAQ	13,543.06	+4.19%	+5.08%
MSCI-EAFE	2,209.99	+1.15%	+2.91%
S&P 500	3,841.47	+1.94%	+2.27%



Treasury	Close	Week	Y-T-D
10-Year Note	1.09%	-0.01%	+0.16%

Sources: The Wall Street Journal, January 22, 2021; Treasury.gov, January 22, 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 15, to Friday, January 22, close. Weekly performance for the MSCI-EAFE is measured from Friday, January 15, open to the Thursday, January 21, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

Stocks Scale New Heights

In a holiday-shortened week, stocks rallied as investors welcomed testimony from incoming Treasury Secretary Janet Yellen to the Senate Finance Committee that suggested lawmakers needed to "act big" on fiscal stimulus, raising hopes for a new round of federal spending.

An orderly presidential transition and the anticipation of a more effective vaccine distribution plan contributed to stocks touching multiple new highs last week. Investor enthusiasm was further supported by a strong start to the fourth-quarter earnings season.

Mega-cap technology companies resumed their market leadership ahead of a full calendar of big tech earnings reports this week. Market momentum stalled a bit into the close on concerns that any stimulus spending bill might come in lower than expected.

Earnings Beating Expectations

One of the concerns of market watchers has been the valuations of stocks. Stocks are currently trading at about 23 times 2021 earnings, above the historical range of 15 to 17 times forward earnings.⁴

Today's valuations may be explained by expectations of a strong economic rebound and a concomitant rise in corporate profits. So far, this earnings season appears to vindicate the optimism; With 41 of S&P 500 companies reporting through last Thursday, 91% of them have exceeded estimates by an average of 18.5%.⁵

Investors are expected to continue to watch company earnings in the weeks ahead to see whether these consensus-beating results continue.

This Week: Key Economic Data

- Tuesday:** Consumer Confidence.
- Wednesday:** Durable Goods Orders. FOMC (Federal Open Market Committee) Announcement.
- Thursday:** Gross Domestic Product (GDP). Jobless Claims. New Home Sales.

Source: Econoday, January 22, 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.

This Week: Companies Reporting Earnings

- Monday:** KimberlyClark (KMB).
- Tuesday:** Microsoft (MSFT), General Electric (GE), Advanced Micro Devices (AMD), Verizon (VZ), Johnson & Johnson (JNJ), Lockheed Martin (LMT), Starbucks (SBUX), 3M Company (MMM), Texas Instruments (TXN), Novartis (NVS), D.R. Horton (DHI).
- Wednesday:** Apple (AAPL), Facebook (FB), AT&T (T), Boeing (BA), Abbott Laboratories (ABT), ServiceNow, Inc. (NOW), General Dynamics (GD), Norfolk Southern (NSC).
- Thursday:** McDonalds (MCD), Comcast Corp. (CMCSA), Southwest Airlines (LUV).
- Friday:** Caterpillar (CAT), Chevron (CVX), Eli Lilly (LLY), Honeywell International (HON), Charter Communications (CHTR).

Source: Zacks, January 22, 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.

Food for Thought

"In the depth of winter, I finally learned that there was in me an invincible summer."

— Albert Camus

Tax Tip

Know and Understand Your Correct Filing Status

Taxpayers need to know their correct filing status and be familiar with each choice.

When preparing and filing a tax return, the filing status affects:

- If the taxpayer is required to file a federal tax return
- If they should file a return in order to receive a refund
- Their standard deduction amount
- If they can claim certain credits
- The amount of tax they should pay

Here are the five filing statuses:

Single: Normally, this status is for taxpayers who are unmarried, divorced, or legally separated under a divorce or separate maintenance decree governed by the state law.

Married filing jointly: If a taxpayer is married, they can file a joint tax return with their spouse. When a spouse passes away, the widowed spouse can usually file a joint return for that year.

Married filing separately: Married couples can choose to file separate tax returns, when doing so results in less tax owed than filing a joint tax return.

Head of household: Unmarried taxpayers may be able to file using this status, but special rules apply. For example, the taxpayer must have paid more than half the cost of keeping up a home for themselves and a qualifying person living in the home for half of the year.

Qualifying widow(er) with dependent child: This status may apply to a taxpayer if their spouse died during one of the previous two years and they have a dependent child. Other conditions also apply.

* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov⁶

Healthy Living Tip

Keeping Your Heart Rate Up (When Temperatures Are Down)

Colder weather can steal our motivation to leave the warmth of our homes unless we have to. But your workouts don't need to stop during the winter. Here are a few ways you can feel the burn indoors, while Mother Nature keeps it cool outside.

Hop to it with a rebounder (a mini trampoline) or a jump rope. If you have neither, fake it by keeping your hands to your sides and rotate them as you mimic the rest of the exercise sans equipment.

Find a YouTube video or other streaming guided workout. Can't squeeze in a full hour at once? Pause it and return when you're ready.

If you can afford it, invest in a piece of workout equipment you know you'll use. If you run or hike, consider a treadmill with an adjustable incline. Like to ride your bike? Consider getting a stationary one.

There are lots of ways to stay fit while winter rages on outside. But don't forget to always make sure to discuss any medical concerns with your health care provider before beginning any fitness routine; the information provided is not a substitute for medical advice.

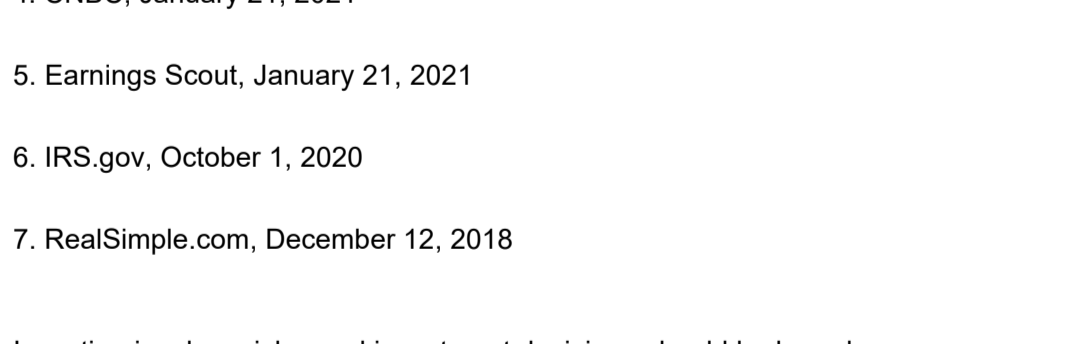
Tip adapted from Real Simple⁷

Weekly Riddle

A man claims he was 88 years old two days ago, and yet he also tells you that he will turn 91 next year. How can this be?

Last week's riddle: Four cars approach an intersection with four-way stop signs simultaneously, each car coming from a different direction. After stopping, the drivers all accelerate at the same time. However, there is no accident. How is this possible? Answer: All four cars made right turns.

Photo of the Week



Lake Crescent, Olympic National Park, Washington State.

Footnotes and Sources

1. The Wall Street Journal, January 22, 2021
2. The Wall Street Journal, January 22, 2021
3. The Wall Street Journal, January 22, 2021
4. CNBC, January 21, 2021
5. Earnings Scout, January 21, 2021
6. IRS.gov, October 1, 2018
7. RealSimple.com, December 12, 2018

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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.

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International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unlike 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.

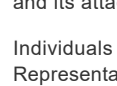
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