

Market Week: November 15, 2021

The Markets (as of market close November 12, 2021)



Although equities closed last week on a high note, it wasn't enough to recover from mid-week losses. Each of the benchmark indexes lost ground, with the Russell 2000 falling over 1.0% to lead the pack. Inflation concerns seemed to weigh on investors' minds during the week. While the Federal Reserve continues to suggest that inflationary pressures will calm by next year, traders may be concerned that if prices continue to rise, the Fed may consider hiking interest rates as soon as the summer of 2022. Ten-year Treasury yields edged higher. The dollar advanced, while crude oil prices fell to \$80.84 per barrel. Gold prices rose for the second consecutive week, jumping nearly 2.7%. Materials led the market sectors, climbing 2.5% for the week. Consumer discretionary (-3.2%), energy (-1.7%), and utilities (-1.0%) fell the furthest.

Several of the benchmark indexes listed here reached new highs last Monday. The Dow finished up 0.3%, the S&P 500 and the Nasdaq eked out 0.1% gains, while the Russell 2000 advanced 0.2%. These advances drove each of these indexes to record highs. Among the market sectors, materials and energy led the winners, while utilities, consumer discretionary, and consumer staples fell. Ten-year Treasury yields and crude oil prices climbed higher, while the dollar dipped lower.

Stocks retreated from their longest rally since 2017 last Tuesday, as the benchmark indexes dipped from their all time highs. Consumer discretionary, financials, information technology, and health care dragged the S&P 500 lower, falling 0.4% by the close of trading. The Dow declined 0.3%, the Nasdaq and the Russell 2000 each lost 0.6%, and the Global Dow slid 0.3%. The yield on 10-year Treasuries fell to 1.43% — its lowest end-of-day rate since mid-September. Crude oil prices rose nearly 3.0%, while the dollar was mixed.

Rising inflation data shook the markets last Wednesday. Ten-year Treasury yields rose by nearly 9.0%, while the Nasdaq and the Russell 2000 each fell by about 1.6%. The S&P 500 dipped 0.8%, the Dow slipped 0.7%, and the Global Dow fell 0.5%. The dollar climbed higher, while crude oil prices fell to \$81.31 per barrel, down 3.4% from the previous day's value. Gold prices gained 1.2%. Several of the market sectors declined, led by energy (-3.0%), followed by information technology (-1.7%) and communication services (-1.3%). Consumer staples, health care, and utilities were the only sectors to close the day in the black.

Last Thursday was Veterans Day, an unusual trading day in the United States. Stock markets are open, but bond markets are closed. Tech stocks led a comeback in the Nasdaq, pushing that index up 0.5% last Thursday. The Russell 2000 also recovered some of the previous day's losses after advancing 0.8%. The large caps didn't fare quite as well. The S&P 500 inched up 0.1%, while the Dow fell 0.4%. The Global Dow dipped 0.1%. Crude oil prices decreased for the second consecutive day, falling to \$81.12 per barrel. The dollar rose 0.3%.

Last Friday saw stocks post solid gains. The Nasdaq added 1.0%, followed by the S&P 500 (0.7%), the Dow (0.5%), the Global Dow (0.2%), and the Russell 2000 (0.1%). Ten-year Treasury yields advanced, while crude oil prices and the dollar fell. The market sectors were mixed on the day, with communication services and information technology gaining more than 1.0%, while energy and utilities dipped lower.

The national average retail price for regular gasoline was \$3.410 per gallon on November 8, \$0.020 per gallon more than the prior week's price and \$1.314 higher than a year ago. Gasoline production decreased during the week ended November 5, averaging 10.1 million barrels per day. U.S. crude oil refinery inputs

Key Dates/Data Releases

11/16: Retail sales, import and export prices, industrial production

11/17: Housing starts

averaged 15.4 million barrels per day during the week ended November 5 — 343,000 barrels per day more than the previous week's average. Refineries operated at 86.7% of their operable capacity, up from the prior week's level of 86.3%.

Stock Market Indexes

Market/Index	2020 Close	Prior Week	As of 11/12	Weekly Change	YTD Change
DJIA	30,606.48	36,327.95	36,100.31	-0.63%	17.95%
Nasdaq	12,888.28	15,971.59	15,860.96	-0.69%	23.06%
S&P 500	3,756.07	4,697.53	4,682.85	-0.31%	24.67%
Russell 2000	1,974.86	2,437.08	2,411.78	-1.04%	22.12%
Global Dow	3,487.52	4,154.51	4,134.92	-0.47%	18.56%
Fed. Funds target rate	0.00%-0.25%	0.00%-0.25%	0.00%-0.25%	0 bps	0 bps
10-year Treasuries	0.91%	1.45%	1.58%	13 bps	67 bps
US Dollar-DXY	89.84	94.22	95.11	0.94%	5.87%
Crude Oil-CL=F	\$48.52	\$81.40	\$80.84	-0.69%	66.61%
Gold-GC=F	\$1,893.10	\$1,819.00	\$1,868.00	2.69%	-1.33%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic News

- Inflation data for October was hotter than expected. The Consumer Price Index jumped 0.9% in October after increasing 0.4% the previous month. Over the last 12 months ended in October, consumer prices have risen 6.2% — the largest 12-month increase since November 1990. Consumer prices less food and energy rose 4.6% over the last 12 months, the largest 12-month increase since August 1991. The October CPI advance was broad-based, with increases in energy (4.8%), shelter (0.5%), food (0.9%), used cars and trucks (2.5%), and new vehicles (1.4%) among the larger contributors. Gasoline prices increased 6.1% and prices for fuel oil rose 12.3%.
- Prices that producers are charged for goods and services continued to climb higher in October. According to the latest report from the Bureau of Labor Statistics, producer prices rose 0.6% last month, after advancing 0.5% in September and 0.7% in August. Producer prices have risen 8.6% for the 12 months ended in October. Prices less foods, energy, and trade services moved up 0.4% in October after increasing 0.1% in September. For the 12 months ended in October, producer prices less foods, energy, and trade services rose 6.2%. Over 60% of the October increase in producer prices can be traced to a 1.2% rise in goods prices. Producer prices for services increased 0.2%. Driving the increase in goods prices was a 4.8% jump in energy prices. In particular, prices for gasoline rose 6.7% in October. A 0.4% increase in trade services accounted for nearly 75% of the increase in producer prices for services.
- The Treasury budget deficit for October, the first month of fiscal year 2022, was \$165.1 billion. The deficit for the previous October was \$284.1 billion, or 42% greater. Government receipts totaled \$283.9 billion, while expenditures were \$449.0 billion. Compared to October 2020, individual income tax receipts rose 32.0%, while corporate tax receipts jumped 72.0%.
- According to the latest Job Openings and Labor Turnover Summary, there were 10.4 million job openings in September, a reduction of less than 200,000 from the previous month's total. Job openings increased in health care and social assistance (+141,000); state and local government, excluding education (+114,000); wholesale trade (+51,000); and information (+51,000). Job openings decreased in state and local government education (-114,000); other services (-104,000); real estate and rental and leasing (-65,000); and educational services (-45,000). In September, hires and total separations were little changed at 6.5 million and 6.2 million, respectively.
- For the week ended November 6, there were 267,000 new claims for unemployment insurance, a decrease of 4,000 from the previous week's level, which was revised up by 2,000. This is the lowest level for initial claims since March 14, 2020, when it was 256,000. According to the Department of Labor, the advance rate for insured unemployment claims for the week ended October 30 was 1.6%, unchanged from the previous week's rate. The advance number of those receiving unemployment insurance benefits during the week ended October 30 was 2,160,000, an increase of 59,000 from the prior week's level, which was revised down by 4,000. For comparison, last year at this time, there were

728,000 initial claims for unemployment insurance, and the rate for unemployment claims was 4.6%. During the last week of February 2020 (pre-pandemic), there were 219,000 initial claims for unemployment insurance, and the number of those receiving unemployment insurance benefits was 1,724,000. States and territories with the highest insured unemployment rates for the week ended October 23 were Puerto Rico (3.7%), California (2.8%), the District of Columbia (2.5%), New Jersey (2.5%), the Virgin Islands (2.5%), Alaska (2.4%), Hawaii (2.8%), Illinois (2.2%), Nevada (2.2%), and Oregon (1.9%). The largest increases in initial claims for the week ended October 30 were in Kentucky (+2,882), Louisiana (+907), Minnesota (+885), Tennessee (+798), and New Jersey (+768), while the largest decreases were in Missouri (-3,014), Florida (-2,286), Virginia (-1,482), Oklahoma (-1,324), and Pennsylvania (-1,026).

Eye on the Week Ahead

More inflation data for October is available this week with the release of the retail sales report and import and export prices. Also worth watching is the Federal Reserve's report on industrial production. September saw industrial production slip 1.3%, with manufacturing output falling 0.7%. That followed August, which saw industrial production fall 0.1% (revised).

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Forecasts are based on current conditions, subject to change, and may not come to pass. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities and other bonds fluctuates with market conditions. Bonds are subject to inflation, interest-rate, and credit risks. As interest rates rise, bond prices typically fall. A bond sold or redeemed prior to maturity may be subject to loss. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indexes listed are unmanaged and are not available for direct investment.

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