

Randall Fielder, President & CEO 1400 Broadfield Blvd. Suite 200 Houston, TX 77084 713-955-3555

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<u>WEEK IN REVIEW</u> STOCKS FINISH SHARPLY HIGHER



U.S. stocks ended sharply higher Friday after a batch of mixed economic data, kicking off October with gains although major indexes posted losses for the week.

Initial optimism on Wall Street was pegged partly to news that Merck & Co. MRK and partner Ridgeback Biotherapeutics, said their oral antiviral treatment for COVID-19 reduced the risk of hospitalization or death by 50% for patients with mild or moderate cases.

The Dow Jones Industrial Average DJIA rose 482.54 points, or 1.4%, to close at 34,326.46. The S&P 500 index SPX climbed 49.50 points, or 1.2%, to finish at 4,357.04. The Nasdaq Composite Index COMP advanced 118.12 points, or 0.8%, to end at 14,566.70.

For September, the Dow lost 4.3% and the S&P 500 fell 4.8% to snap a seven-month winning streak. The Nasdaq Composite was off 5.3%, its worst September in a decade. For the third quarter, the Dow fell 1.9%, the S&P 500 was up 0.2% and the Nasdaq Composite rose 0.4%.

According to Dow Jones Market Data this week, the Dow fell 1.4%, its biggest weekly decline since the week ending September 10th. The S&P 500 lost 2.2% for the week, its largest percentage drop since the week ending February 26th. The Nasdaq saw a 3.2% weekly drop, also its biggest decline since the week ended February 26th.







US government shutdown averted, but debt ceiling remains unresolved



On Thursday, the US Congress passed a stopgap funding measure to fund government operations through early December. However, the country has not raised its debt ceiling, which Secretary of the Treasury Janet Yellen believes will be reached around October 18th. A proposal to increase government spending by \$4.6 trillion is being debated on Capitol Hill. Additionally, Republican lawmakers have put the onus on Democrats to raise or suspend the debt limit, which they can do without Republican support under the budget reconciliation process. The budgetary debate over President Joe Biden's "social infrastructure" spending proposal remains stalled, with progressives and moderate Democrats unable to reach

an agreement on the measure's contours. Nonetheless, progress may be coming with numbers between \$1.5 and \$2.1 trillion floating around.

Warren intends to oppose Powell's renomination as Fed chair Progressive Massachusetts Senator Elizabeth Warren used a hearing of the Senate Banking Committee where Jerome Powell and Treasury Secretary Janet Yellen testified to announce her opposition to Powell's reelection as US Federal Reserve Chair for a second term. Given his past support for the deregulation of the banking industry, she calls him a dangerous candidate to run the Fed. In light of the Fed's aggressive response to the pandemic, many expected Powell would be renominated by Biden in February, but Warren's opposition might induce him to look elsewhere if her progressive Senate colleagues agree with her. Additionally, two regional Federal Reserve Bank presidents, Eric Rosengren from Boston and Dallas' Robert Kaplan, have resigned following revelations of their stock trading. The revelations raise questions about the propriety of policymakers actively dealing in financial markets. This raised questions regarding the propriety of policymakers actively trading in financial markets. As a result of the disclosure, the Fed has begun reviewing its ethics rules.

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HEADLINERS

During his testimony o US legislators, Fed Chair Powell acknowledged that inflation in the coming months would remain elevated before easing toward its 2% goal. He also added that the Fed would act if sustained inflation pressures became a concern.

Global mergers and acquisitions reached a

record \$1.52 trillion in the third quarter.

The final reading of US GDP for Q2 was revised up from 6.6% to 6.7%.

The initial weekly US unemployment rate increased for the third week in a row, the first three-week increase since the pandemic began.



MAJOR STOCK MOVES

Shares of Merck closed about 8.4% higher Friday, jumping after the company said its experimental pill cut the risk of serious illness or death from Covid-19 in a study. The company is now planning to apply for an emergency use authorization for the treatment from the Food and Drug Administration and will also seek it from other regulatory bodies around the world.

Shares of Greenlane Holdings Inc. GNLN rose 5.5% after Jefferies initiated coverage of the Boca Raton, Fla.-based maker of packaging, rolling papers, glass products, and grinders for cannabis with a buy rating and a price target of \$6.30.

Accounting firm PwC will allow all of its 40,000 U.S. client services employees to work remotely and live anywhere they want forever, Reuters reported Friday.

Raymond James analyst Aaron Kessler removed his "strong-buy" rating on shares of Alibaba Group Holding Ltd. BABA though he's becoming a bit more cautious on the name. Shares of Alibaba fell 2.6%.

Dollar Tree Inc. DLTR was downgraded to sector weight from overweight at KeyBanc Capital Markets as analysts express concern over higher supply chain and labor costs. Retailers across the board have been impacted by bottlenecks at the ports, factory shutdowns overseas and other challenges across the supply chain. Shares of Dollar Tree climbed about 2.4%.



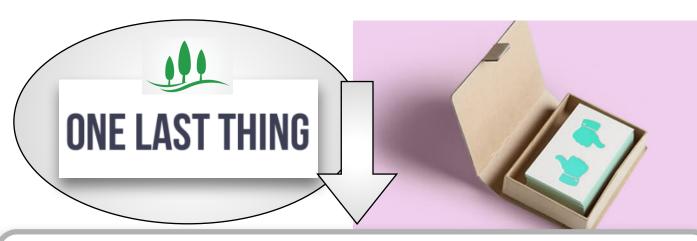


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Randall Fielder (713-955-3555, Randall@park10financial.com)