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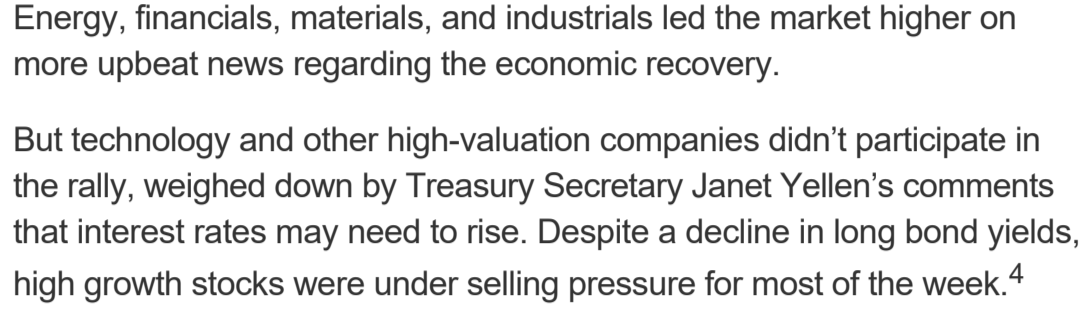


Stocks closed mixed last week as signs of continued economic recovery and upbeat earnings helped some sectors while the struggles persisted for high-growth companies.

The Dow Jones Industrial Average gained 2.67%, while the Standard & Poor's 500 rose 1.23%. But the Nasdaq Composite index, home for many high-growth companies, lost 1.51%. The MSCI EAFE index, which tracks developed overseas stock markets, advanced 1.20%.^{1,2,3}

Market Insights

Market Index	Close	Week	Y-T-D
DJIA	34,777.76	+2.67%	+13.63%
NASDAQ	13,752.24	-1.51%	+6.70%
MSCI-EAFE	2,295.82	+1.20%	+6.91%
S&P 500	4,232.60	+1.23%	+12.69%



Treasury	Close	Week	Y-T-D
10-Year Note	1.60%	-0.03%	+0.67%

Sources: The Wall Street Journal, May 7, 2021; Treasury.gov, May 7, 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, April 30, to Friday, May 7, close. Weekly performance for the MSCI-EAFE is measured from Friday, April 30, open to Thursday, May 6, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

Mixed Market

Energy, financials, materials, and industrials led the market higher on more upbeat news regarding the economic recovery.

But technology and other high-valuation companies didn't participate in the rally, weighed down by Treasury Secretary Janet Yellen's comments that interest rates may need to rise. Despite a decline in long bond yields, high growth stocks were under selling pressure for most of the week.⁴

On Friday, a miss on April employment numbers seemed to dial back fears that the Fed might have to adjust interest rates. Stocks rallied on the news, especially some of the hard hit high-valuation companies.⁵

Labor Market Puzzle

The labor market appears to be gaining momentum ahead of a fuller summer reopening. The Automated Data Processing National Employment Report showed that private payrolls rose by 742,000 jobs (the largest gain since September 2020), while new jobless claims fell to under 500,000, sending its four-week average to the lowest point since the pandemic began.^{6,7}

With expectations set very high, the April employment report (266,000 new jobs) came in well short of the consensus estimate of one million new jobs. Businesses have complained about difficulties in hiring workers, with individuals delaying their return to the workforce due to health concerns and ongoing school closings.⁵

This Week: Key Economic Data

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

Wednesday: Consumer Price Index (CPI).

Thursday: Jobless Claims.

Friday: Industrial Production, Consumer Sentiment.

Source: Econoday, May 7, 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: Duke Energy (DUK), Simon Property (SPG), Air Products and Chemicals, Inc. (APD), Marriott International (MAR).

Tuesday: Electronic Arts (EA), Palantir Technologies, Inc. (PLTR).

Wednesday: Coupang, Inc. (CPNG).

Thursday: The Walt Disney Company (DIS).

Source: Zacks, May 7, 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.

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Food for Thought

"The most difficult thing is the decision to act, the rest is merely tenacity."

— Amelia Earhart

Tax Tip

Starting a New Hobby? These Tips Can Help You Understand the Tax Situation

Whether you're picking up painting or cooking up new concoctions in your kitchen, starting a new hobby is always fun and a great way to learn something new. Did you know that there are also some tax considerations when starting a new hobby? Especially if you are considering turning your newfound passion into a business.

Taxpayers are expected to report any income earned from hobbies, even if it's not a licensed business. To recreate, businesses are done to make a profit, while hobbies are done for recreation, not to make a profit. Here are nine factors that can help you determine whether a hobby could also be considered a business, according to the IRS:

- Whether you carry on the activity in a businesslike manner and maintain complete and accurate books and records.
- Whether you have personal motives in carrying on the activity.
- Whether the time and effort you put into the activity indicate you intend to make it profitable.
- Whether you depend on income from the activity for your livelihood.
- Whether your losses are due to circumstances beyond your control (or are normal in the startup phase of your type of business).
- Whether you or your financial professional have the knowledge needed to carry on the activity as a successful business.
- Whether you were successful in making a profit in similar activities in the past.
- Whether the activity makes a profit in some years and how much profit it makes.
- Whether you can expect to make a future profit from the appreciation of the assets used in the activity.

You may also be able to deduct some of the expenses associated with your hobby. Within certain limits, an taxpayer can usually deduct ordinary and necessary hobby expenses. An ordinary expense is one that is common and accepted for the activity. A necessary expense is one that is appropriate for the activity.

* 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.gov⁸

Healthy Living Tip

3 Stretches for Your Lower Back

We spend so much time sitting in our cars and at our desks that it's no wonder that our lower backs can get tight and even sore. These three lower back stretches will help improve flexibility, recovery, and may even help if you have lower back pain.

- **Figure 4 Stretch:** The Figure 4 stretch will stretch your glutes, hamstrings, and lower back. To do the stretch, lay on your back with both feet on the ground. Then, cross your left foot over your right knee. Gently bring your right leg to a 90-degree angle. If you want to increase the intensity of the stretch, grab the back of your thigh and bring your right knee toward your torso. Repeat on the other side.
- **Inner Thigh Stretch/Butterfly Stretch:** This stretch addresses your inner thigh and lower back. Sit on the ground and bring your feet together in front of your knees with the soles of your feet touching. Let your knees fall to the side. To increase the stretch, bring your feet closer to your torso.
- **Pigeon Pose:** To get into pigeon pose, you want to bring one leg to 90 degrees from your torso with the other leg stretched behind you so when you are in the pose, your right calf is perpendicular to your hips. To increase the stretch, bend at the hips over your front leg. Repeat on both sides.

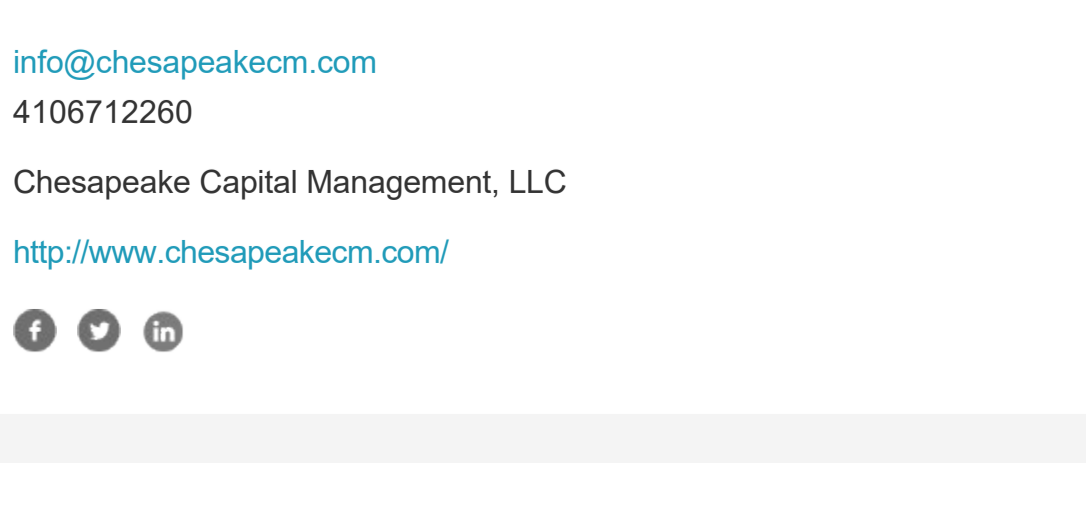
Tip adapted from Very Well Fit⁹

Weekly Riddle

I'm tall when I'm young and short when I'm old. What am I?

Last week's riddle: *Forward I am heavy, but backward I am not. What am I? Answer: The word "ton" backward is the word "not."*

Photo of the Week



Big Sur, California.

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Footnotes and Sources

1. The Wall Street Journal, May 7, 2021
2. The Wall Street Journal, May 7, 2021
3. The Wall Street Journal, May 7, 2021
4. FoxBusiness.com, May 4, 2021
5. CNBC, May 7, 2021
6. Reuters, May 5, 2021
7. The Wall Street Journal, May 6, 2021
8. IRS.gov, January 19, 2021
9. Verywellfit.com, September 22, 2020

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.

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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.

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.

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Please consult your financial professional for additional information.

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