

In this week's recap: COVID-19 variant clobbers markets.

Weekly Economic Update

Presented by Heritage Wealth Management, November 29, 2021

THE WEEK ON WALL STREET

News of a new, highly virulent COVID variant triggered a market sell-off on Friday, sending stocks into negative territory for the week.

The Dow Jones Industrial Average slid 1.97%, while the Standard & Poor's 500 slumped 2.20%. The Nasdaq Composite index lost 3.52% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, dropped 1.68%.^{1,2,3}

RED FRIDAY

Investors woke up on Black Friday to reports of a mutated COVID variant, reviving fears of potential new economic restrictions. U.S. markets were not alone, as stock prices in Europe and Asia also tumbled.

Friday's market action saw declines in economic reopening stocks, such as travel and leisure, cyclicals, financials, and energy, while some of the so-called stay-at-home stocks and pharmaceutical stocks experienced gains. Yields retreated amid a flight to safety and the potential that this turn of events may lead to a slowdown in the Fed's bond tapering program and a delay in contemplated rate hikes. Prior to Thanksgiving the markets had been choppy, but largely trending higher for the week, while yields had moved up with the renomination of Fed Chair Powell.

POWELL RENOMINATED

President Biden announced last week that he was renominating Jerome Powell to serve another term as chairman of the Federal Reserve Bank, ending market speculation surrounding his renomination.

President Biden cited the need for stability and independence in a time of uncertainty in making his decision. While Powell's renomination faced resistance, Senate approval appears likely. Coincident with Powell's renomination, President Biden also nominated Lael Brainard, a member of the Federal Reserve Board of Governors, to serve as vice chair. Investors can soon expect further Fed nominations by the Biden Administration to fill vacancies created by term expirations and retirements.

TIP OF THE WEEK



Spammers love to create emails that look like they've legitimately come from your bank or credit card issuer. How can you be safe? Never use a "click here to log in" link. Always go directly to the website address for your bank or credit card provider and log in there.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Consumer Confidence.

Wednesday: ADP (Automated Data Processing) Employment Report. ISM (Institute for Supply Management) Manufacturing Index.

Thursday: Jobless Claims.

Friday: Employment Situation. Factory Orders.

Source: Econoday, November 26, 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

Tuesday: Salesforce.com, Inc. (CRM), Hewlett Packard Enterprise Company (HPE).

Wednesday: Okta, Inc. (OKTA), Snowflake, Inc. (SNOW), CrowdStrike (CRWD).

Thursday: Marvell Technology, Inc. (MRVL), Dollar General (DG), The Kroger Co. (KR), DocuSign (DOCU).

Source: Zacks, November 26, 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.

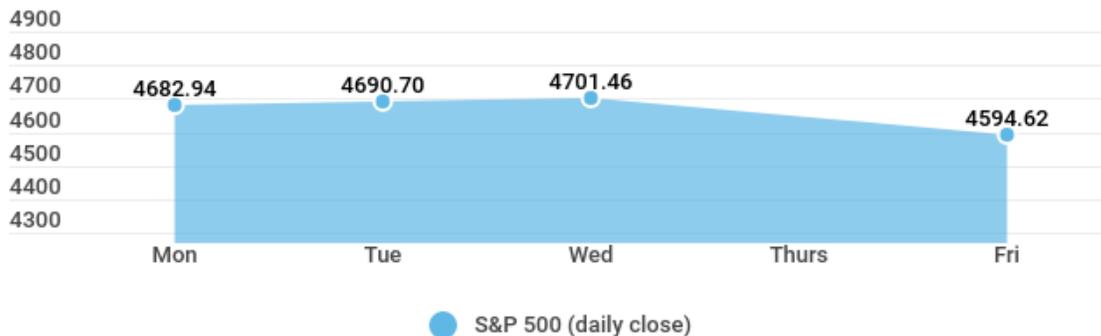
QUOTE OF THE WEEK



“You can’t judge right from looking at what’s wrong.”

BO DIDDLEY

Market Index	Close	Week	Y-T-D
DJIA	34,899.34	-1.97%	+14.03%
NASDAQ	15,491.66	-3.52%	+20.20%
MSCI-EAFE	2,305.54	-1.68%	+7.36%
S&P 500	4,594.62	-2.20%	+22.33%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.48%	-0.06%	+0.55

Sources: The Wall Street Journal, November 26, 2021; Treasury.gov, November 26, 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, November 19, to Friday, November 26, close. Weekly performance for the MSCI-EAFE is measured from Friday, November 19, open to Thursday, November 25, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



What nation has current and former capital cities whose names are anagrams of each other in the English language? (Hint: It is a major player in the global economy.)

LAST WEEK'S RIDDLE: The Cage family has a mother, father, and six sons, and each son has one sister. So, how many people are in this family?

ANSWER: Nine. A mother, father, six brothers, and one sister, as each brother has but one sister.

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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, November 26, 2021
2. The Wall Street Journal, November 26, 2021
3. The Wall Street Journal, November 26, 2021