In this week's recap: Despite signs of a good economy, stocks have a lackluster week.

Weekly Economic Update

Presented by ***Heritage Wealth Management****, September 20, 2021*

THE WEEK ON WALL STREET

Stocks weakened ahead of this week's Federal Reserve meeting and amid persistent concerns about the Delta variant's impact on the economy.

The Dow Jones Industrial Average was flat (-0.07%), while the Standard & Poor's 500 fell 0.57%. The Nasdaq Composite index lost 0.47% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, dropped 0.65%.[1,2,3]

STOCKS STRUGGLE

Despite a string of economic reports painting a healthy picture of the U.S. economy, investor sentiment remained cautious. While tamer inflation and higher-than-expected retail sales may typically be constructive for the market, any investor enthusiasm it generated was fleeting.

The market appeared all week to be encumbered by a tentative, apprehensive mood. The Delta variant remained an overhang, but it was more than that. Investors appeared concerned about September, which historically has been a weak month for stock prices. The market also was concerned about fiscal and tax policy proposals emanating from Washington D.C., news of an economic slowdown in China, and by what the Fed may announce following its September 21-22 Federal Open Market Committee meeting.

TAKING THE ECONOMIC PULSE

A series of economic reports released last week provided investors with a broad snapshot of the state of the economic recovery.

Inflation showed signs of moderating, rising 0.3%—an elevated rate, but well below June and July's increases of 0.9% and 0.5%, respectively. The consumer remained strong as retail sales rose 0.7%, an unexpected jump. Manufacturing reached pre-pandemic, while the labor market

continued its recovery, with initial jobless claims coming in near pandemic lows and continuing claims hitting a new pandemic low. [4,5,6,7]

TIP OF THE WEEK

Donations of clothing and other household items in good condition can be deducted on your federal tax return if made to a 501c(3) organization. Be sure to get a written acknowledgment from the charity.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Housing Starts.

Wednesday: Existing Home Sales. FOMC (Federal Open Market Committee) Announcement

Thursday: Jobless Claims. Index of Leading Economic Indicators. PMI (Purchasing Managers' Index) Composite Flash.

Friday: New Home Sales.

Source: Econoday, September 17, 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: Adobe, Inc. (ADBE), Fedex Corporation (FDX), Autozone, Inc. (AZO).

Wednesday: General Mills (GIS).

Thursday: Costco Wholesale Corporation (COST), Darden Restaurants, Inc. (DRI), Trip.com Group (TCOM).

Source: Zacks, September 17, 2021

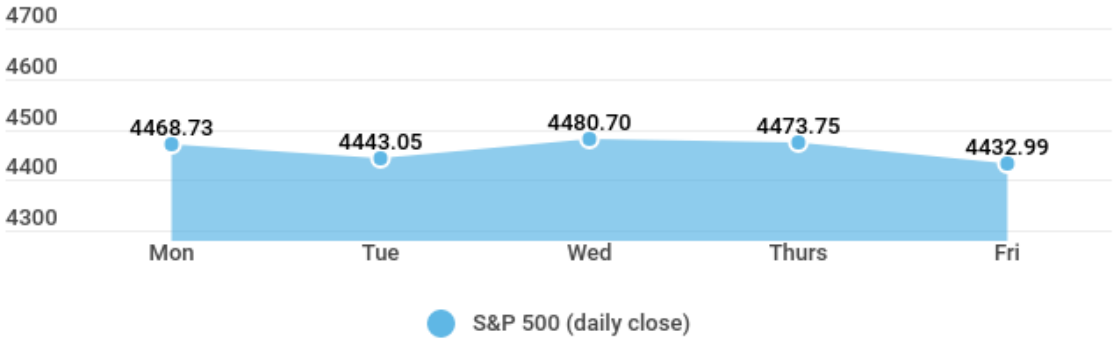
Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of 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

“A person is a person because he recognizes others as persons.”

DESMOND TUTU

Market Index	Close	Week	Y-T-D
DJIA	34,584.88	-0.07%	+13.00%
NASDAQ	15,043.97	-0.47%	+16.73%
MSCI-EAFE	2,366.06	-0.65%	+10.18%
S&P 500	4,432.99	-0.57%	+18.02%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.38%	+0.05%	+0.45%

Sources: The Wall Street Journal, September 17, 2021; Treasury.gov, September 17, 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, September 10, to Friday, September 17, close. Weekly performance for the MSCI-EAFE is measured from Friday, September 10, open to Thursday, September 16, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE

What are the next three letters in this combination? OTTFFSS

LAST WEEK'S RIDDLE: You can easily touch me, but not see me. You can throw me out, but not away. What am I?

ANSWER: Your back.

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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, September 17, 2021

2. The Wall Street Journal, September 17, 2021

3. The Wall Street Journal, September 17, 2021

4. CNBC, September 14, 2021

5. The Wall Street Journal, September 16, 2021

6. MarketWatch, September 16, 2021

7. The Wall Street Journal, September 16, 2021