



INCISIVE INVESTOR

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WEEK IN REVIEW

DECLINES ON FED TAPER & WEAK SALES

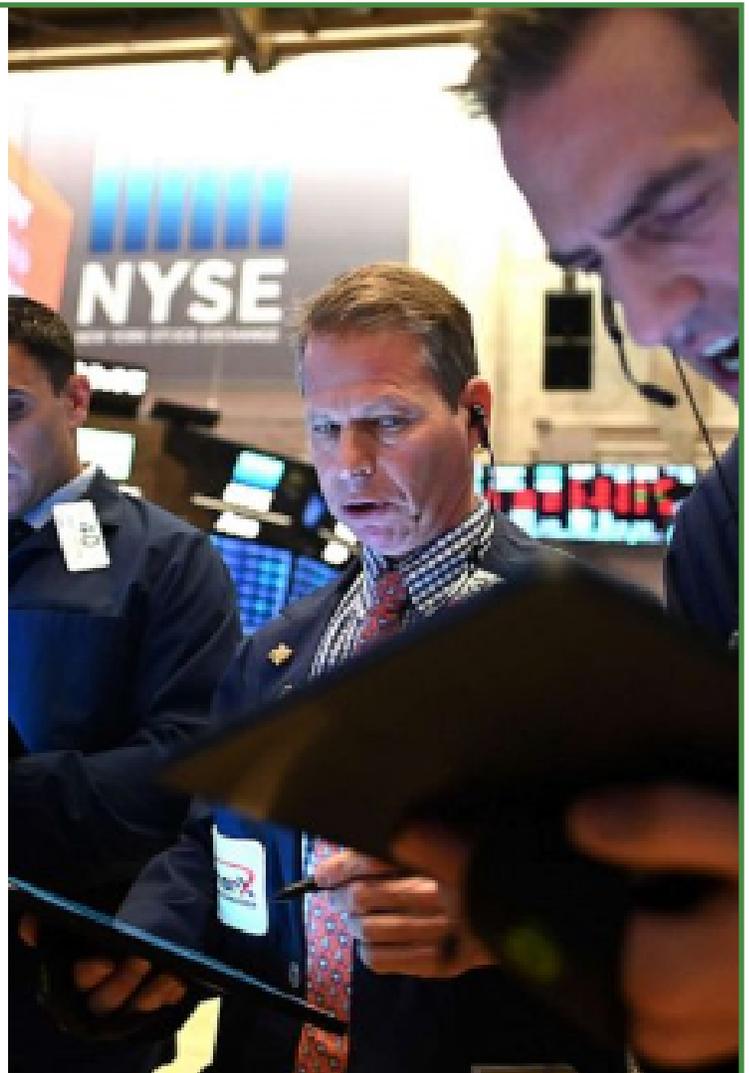
Stock Market News

U.S. stock indexes closed higher Friday, but still ended with losses for the week on fears over the spread of the coronavirus delta variant, the imminent tapering of Federal Reserve bond-buying, and China's restrictions on its economy.

Friday's recovery was broad, with technology stocks among the leaders in the S&P 500 and even energy catching a bid after a withering week for the sector as oil prices slumped.

The Dow Jones Industrial Average DJIA rose 225.96 points, or 0.7%, to 35,120.08. The S&P 500 SPX climbed 35.87 points, 0.8%, to 4,441.67. The Nasdaq Composite Index COMP advanced 172.87 points, or 1.2%, to 14,714.66.

For the week, the S&P 500 slid 0.6%, the Dow declined 1.1% and the Nasdaq Composite lost 0.7% while the small-cap Russell 2000 index RUT fell 2.5%.



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China's economic growth slows

As new COVID-19 outbreaks and floods disrupted business operations, China's factory output and retail sales growth slowed and missed expectations in July. Data from the National Bureau of Statistics showed that industrial production in the world's second-largest economy increased 6.4% year on year in July. Analysts expected output to rise 7.8% after growing 8.3% in June. Retail sales increased 8.5% in July from one year ago which was far lower than the forecasted 11.5% rise and June's 12.1% uptick. China's economy rebounded to pre-pandemic growth levels but lost steam as businesses contended with higher costs and supply bottlenecks. New COVID-19 infections in July also led to fresh restrictions and disrupted the country's factory output which was already hit by severe weather this summer.

Disappointing US retail sales



Worries over the delta variant of COVID-19 dampening activity while government stimulus dries up caused shoppers in the US to cut back their purchases in July even more than expected. Retail sales for the month fell 1.1% which was worse than the Dow Jones estimate of a 0.3% decline. According to the US Department of Commerce figures, sales declined 0.4% (excluding automobiles). Most of the monthly decline came from motor vehicles and parts dealers, which fell 3.9%. Clothing stores saw a 2.6% decline. Sporting goods, musical instruments, and bookstores fell 1.9%. Online sales also posted a 3.1% drop. Although July saw a month-over-month decline, the \$617.7 billion in sales still represented a 15.8% acceleration from the same time a year ago.

Fed reveal taper plans

At their July gathering, Fed officials made plans to pull back the pace of their monthly bond purchases likely before the end of the year. The minutes also showed that some members preferred to wait until early in 2022 to begin tapering. The summary of the July 27th Federal Open Market Committee gathering indicated that the central bankers wanted to be clear that the reduction or tapering of assets was not the precursor of an imminent rate hike. Addressing interest rate concerns, committee members also stressed the need to "reaffirm the absence of any mechanical link between the timing of tapering and that of an eventual increase in the target range for the federal



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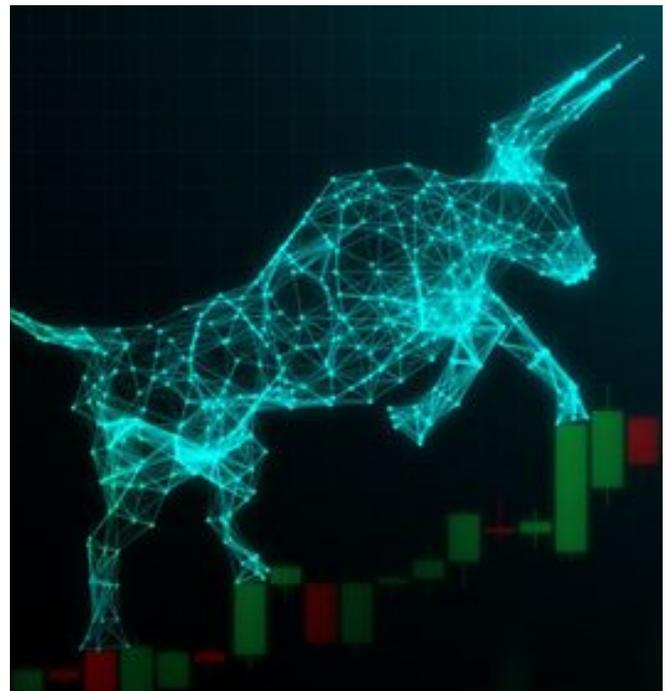
Taliban enter Kabul



Taliban forces entered Afghanistan’s capital city of Kabul on Sunday thus effectively taking control of the country following the capture of one provincial city after another over recent weeks. The rapidly evolving situation has forced hundreds of thousands of people to flee their homes. There were chaotic scenes Monday at Hamid Karzai International Airport as Afghans and foreign nationals fearing the return of Taliban rule desperately sought to escape the country. It marked a stunning end to the two-decade Western campaign in which the US and coalition forces sought to transform the country following the

September 11th attacks. The United Nations has cited continued reports of serious human rights abuses and violations in the communities most affected by the fighting. International aid groups have warned of a humanitarian crisis.

Fastest rise since WWII



The S&P 500 Index has doubled from its COVID trough of 2,237.40 on March 23, 2020, on a closing basis. According to a CNBC analysis of data from S&P Dow Jones Indices going back to WWII, it took the market 354 trading days to get there, marking the fastest bull-market doubling off a bottom. The analysis shows that on average, it has taken bull markets more than 1,000 trading days to reach that milestone. For perspective, the S&P 500 hit its bottom at 676.53 on March 9, 2009, and the benchmark did not double that number on a closing basis until April 27, 2011 (540 trading days) during the financial crisis.



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HEADLINERS

The US dollar rose to a nine-month high as worries about resurging coronavirus infections and Fed minutes showing policymakers weighing a reduction in pandemic-era stimulus this year hit global stocks and commodity-linked currencies.

According to new data from Opportunity Insights, an economic research initiative based at Harvard University, jobs for US workers who earn less than \$27,000 per year were down about 22% as of July 23rd which was relative to mid-January last year.

Meanwhile, jobs are up about 10% over the same period for those who make more than \$60,000 per year and are greater than 3% for those earning \$27,000 to \$60,000.

According to the NAHB/Wells Fargo Housing Market index, US homebuilder confidence in the market for single-family homes fell in

August to its lowest reading in 13 months.

According to the Mortgage Bankers Association's seasonally adjusted index, applications to refinance a US home loan, which are highly rate-sensitive, fell 5% last week from the previous week and were 8% lower than a year ago. The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$548,250 or less) increased to 3.06% from 2.99%, with points increasing to 0.34 from 0.30 (including the origination fee) for loans with a 20% down payment.

The US Department of Labor reported that first-time filings for US unemployment insurance hit a new pandemic-era low last week as jobless claims totaled 348,000. That was well below the Dow Jones estimate of 365,000 and a decline of 29,000 from the previous week.



MAJOR STOCK MOVES

Shares of Mudrick Capital Acquisition Corp. II MUDS fell 2.8% after the special-purpose acquisition company, or SPAC said the merger agreement that would have taken The Topps Company public has been terminated "by mutual agreement."

Shares of Deere & Co. DE dropped 2.1% after the construction, agriculture, and turf care equipment maker reported fiscal third-quarter profit that more than doubled and was well

above expectations and, raised its full-year net income outlook.

Foot Locker Inc. FL shares jumped 7.3% after the athletic retailer reported second-quarter earnings that far exceeded expectations.

LumiraDx Ltd. and SPAC CA Healthcare Acquisition Corp. said that the value of their merger deal to take LumiraDx public has been cut by 40%, citing "various considerations," including the recent market environment for publicly traded diagnostic companies and declines in COVID-19 testing volumes.

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A CHEAT SHEET FOR SENDING YOUR KID TO COLLEGE

Dropping off your son or daughter is loaded with emotions; [here are a few tips](#) for a smoother experience.

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