



First off, I apologize for missing last week's update. It's been a hectic couple of weeks (with another 1-2 to go) as we complete year-end investment reviews and discuss retirement and financial plan updates.

It was a wild week on Wall Street as wild west activities took the headlines. The S&P 500 fell 3.31%¹ as social media influenced trades on a few (especially one) stocks that were being heavily shorted by hedge funds. Were the markets wild swings the result of this or concerns over when the current stimulus proposal is settled? In my opinion, it's the latter. Discussions continue on the President's \$1.9 trillion proposal with concerns over the size and amount of taxpayer stimulus². On a positive note, MarketWatch reports the University of Michigan's consumer confidence poll, while slightly lower than in December, appears to have stabilized³ and the economy is ripe for a rebound⁴.

Is it February already? It's hard to believe we're one month into 2021, does it look different from 2020 yet? Vaccinations are ongoing where supplies are available and it looks like we will soon have a 3rd option as Johnson and Johnson's contribution looks to be nearing approval, although with a lower efficiency rate than that of Pfizer and Moderna. AstraZeneca, Novavax, and Curevac are also working on completing trials of their offerings so it may not be long before we have 3-5 options to combat the pandemic*. Hopefully, we'll see progress and get the economy open before long.

---Chuck

This Week's Inspiration/Activity:

"Nobody got anywhere in the world by simply being content."

Louis L'Amour (1908 - 1988)

Your activity for this week is look at your plans and see if you are being too content with them and if you should make them more ambitious.

This Week in History –

February 1, 2003 -- The space shuttle Columbia breaks up while entering the atmosphere over Texas, killing all seven crew members on board⁵.

¹ see update below

² <https://www.kiplinger.com/taxes/602183/republican-senators-propose-targeted-1000-stimulus-check-plan>

³ <https://www.marketwatch.com/story/confidence-in-the-economy-stabilizes-in-late-january-sentiment-survey-shows-11611933494?mod=economic-report>

⁴ <https://www.marketwatch.com/story/the-u-s-may-have-lost-jobs-again-in-january-but-the-economy-is-ripe-for-rebound-11611953537?mod=economic-report>

⁵ <https://www.history.com/this-day-in-history/columbia-mission-ends-in-disaster>

* This is not a recommendation to buy or sell securities, it is meant to provide information regarding the number of vaccines that may (or may not) be available in the near future to combat Covid-19.

In this week's recap: After setting new highs, market rattled by unexpected trading phenomenon.

Weekly Economic Update

Presented by Charles D. Vercellone, ChFC, February 1, 2021

THE WEEK ON WALL STREET

Despite strong corporate earnings, stock prices closed lower after a volatile week of trading triggered by unprecedented activity in a handful of companies.

The Dow Jones Industrial Average lost 3.27%, while the Standard & Poor's 500 fell 3.31%. The Nasdaq Composite index dropped 3.49% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, slipped 1.83%.^{1,2,3}

BULL MARKET TAKES A BREATH

On Monday, the S&P 500 and NASDAQ Composite overcame early losses to post new all-time highs.⁴

Stocks rode a roller coaster on Wednesday, falling sharply despite above-consensus earnings results, only to come roaring back the following day. Stocks suffered another broad retreat on Friday, sending the major indices to their worst weekly performance since October.^{4,5}

Earnings continued to surprise to the upside, with 81% of companies in the S&P 500 that reported results by last Thursday morning exceeding analysts' expectations.⁶

SHORTS COME INTO FOCUS

The ability of social media to stoke passions and provide a catalyst to herd behavior made itself evident on Wall Street last week.

A chat forum became the central hub for motivating individual investors to trade certain stocks with large short positions. This unexpected buying activity roiled markets and fueled a sharp rise in their stock prices. The sudden surge higher forced some fund managers to buy stocks in these companies at higher prices, resulting in substantial losses for the firms.

It's difficult to say whether this social media phenomenon has long-term implications, though it is likely to change how professional investors evaluate trading strategies in the future.

In order to sell short, you are required to open a margin account. Selling short is not suitable for all investors. Margin trading entails greater risk, including the risk of unlimited losses in a position and incurrence of margin interest debt. You should consider your financial situation and risk

tolerance before trading on margin. Margin credit is extended by National Financial Services, Member NYSE, SIPC.

TIP OF THE WEEK



Succession planning isn't just about an orderly ownership transition. Waiting too long may prompt changes in insurance premiums, fees and taxes.

THE WEEK AHEAD: KEY ECONOMIC DATA

Monday: Institute for Supply Management (ISM) Manufacturing Index.

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

Thursday: Jobless Claims. Factory Orders.

Friday: Employment Situation Report.

Source: Econoday, January 29, 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

Monday: Thermo Fisher Scientific, Inc. (TMO).

Tuesday: Amazon.com (AMZN), Alibaba Group (BABA), Alphabet, Inc. (GOOG), ExxonMobil (XOM), Pfizer (PFE), Amgen (AMGN), United Parcel Service, Inc. (UPS), Electronic Arts (EA), Emerson Electric (EMR), Chipotle Mexican Grill (CMG).

Wednesday: Abbvie (ABBV), Qualcomm (QCOM), PayPal Holdings (PYPL), GlaxoSmithKline (GSK).

Thursday: Ford Motor Company (F), Bristol Myers Squibb (BMY), Merck (MRK), Snap, Inc. (SNAP), Prudential Financial (PRU), Air Products and Chemicals, Inc. (APD), Penn National Gaming (PENN).

Friday: Regeneron Pharmaceuticals, Inc. (REGN), Illinois Tool Works, Inc. (ITW).

Source: Zacks, January 29, 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.

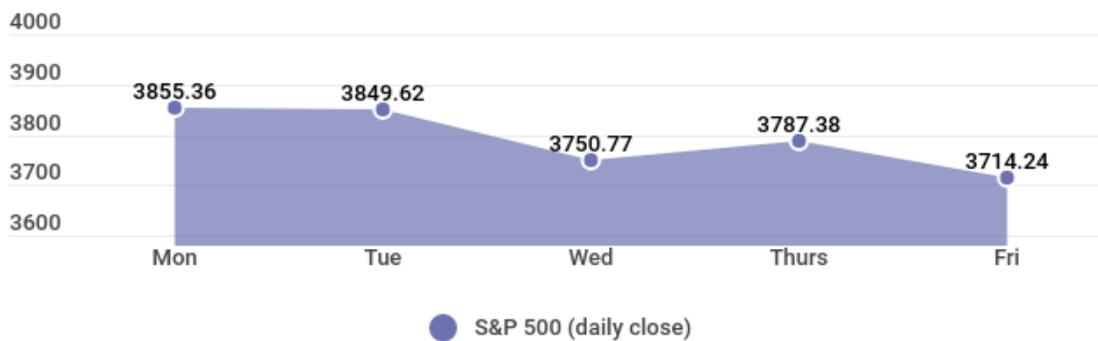
QUOTE OF THE WEEK



“The person who makes a success of living is one who sees his goal steadily and aims for it unswervingly.”

CECIL B. DeMILLE

Market Index	Close	Week	Y-T-D
DJIA	29,982.62	-3.27%	-2.04%
NASDAQ	13,070.69	-3.49%	+1.42%
MSCI-EAFE	2,159.65	-1.83%	+0.56%
S&P 500	3,714.24	-3.31%	-1.11%



Treasury	Close	Week	Y-T-D
10-Year Note	1.11%	+0.02%	+0.18%

Sources: The Wall Street Journal, January 29, 2021; Treasury.gov, January 29, 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, January 22, to Friday, January 29, close. Weekly performance for the MSCI-EAFE is measured from Friday, January 22, open to the Thursday, January 28, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



It can certainly be measured, yet it has no length, width, or height. What is it?

LAST WEEK'S RIDDLE: A man claims he was 88 years old two days ago, and yet he also tells you that he will turn 91 next year. How can this be?

ANSWER: The man talks to you on New Year's Day (1/1), and his birthday is on December 31. So two days ago (12/30), he was 88. On 12/31, he turned 89. His 90th birthday will fall on 12/31 of this year, and he will turn 91 next year.

Know someone who could use information like this?

Please feel free to send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

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The forecasts or forward-looking statements are based on assumptions, may not materialize, and are subject to revision without notice.

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, January 29, 2021
2. The Wall Street Journal, January 29, 2021
3. The Wall Street Journal, January 29, 2021
4. The Wall Street Journal, January 25, 2021
5. CNBC January 29, 2021
6. The Wall Street Journal, January 28, 2021

Charles D. Vercellone, ChFC
Wealth Strategies Group, LLC
200 E Big Beaver, Troy MI 48083
248-680-4622
chuck@wsgllc.net
www.wsgllc.net/welcome

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