STILES FINANCIAL SERVICES INCORPORATED

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Market Week: August 16, 2021

The Markets (as of market close August 13, 2021)

Stocks closed mostly higher last week, with only the Nasdaq unable to end in the black. The Dow and the S&P 500 each closed the week at record highs, buoyed by a strong corporate earnings season. Treasury yields finished the week where they began, crude oil prices fell for the second consecutive week, the dollar and gold prices weakened. Consumer staples, financials, materials, industrials, and utilities led the sectors. All the benchmark indexes listed here remain well above their 2020 year-end closing values. The S&P 500, up nearly 19.0% since the beginning of the year, has nearly doubled since the pandemic lows of March 2020, with the energy sector the biggest climber during that period.

Equities opened last week mixed, with only the Nasdaq able to post a gain. The Dow (-0.3%), the S&P 500 (-0.1%), the Russell 2000 (-0.6%), and the Global Dow (-0.2%) each dipped lower. Several of the market sectors fell, led by energy, which declined 1.5%. Only health care, financials, and consumer staples advanced. Crude oil prices decreased nearly 3.0%, falling to $68.47 per barrel. The dollar and Treasury yields moved higher.

Stocks rebounded last Tuesday, with the S&P 500 and the Dow climbing to record highs. Energy, materials, financials, and industrials led the market sectors, each gaining more than 1.0%. Information technology slumped, dragging the Nasdaq down 0.5%. Crude oil prices, Treasury yields, and the dollar increased.

The S&P 500 and the Dow rose to new record highs last Wednesday on news that consumer price increases slowed in July, possibly reducing the urgency to ease stimulus measures currently in place. The Russell 2000 and the Global Dow also climbed higher. Only the Nasdaq slipped marginally. The yield on 10-year Treasuries and the dollar fell, while crude oil prices increased. Among the market sectors, materials, industrials, and financials continued to advance.

Wall Street ended last Thursday mostly higher, with the S&P 500 reaching a record high for the third consecutive session. The Nasdaq and the Dow also closed higher, while the Global Dow and the Russell 2000 edged lower. Passage of a $1 trillion infrastructure bill in the U.S. Senate helped boost industrials and materials, which would likely benefit from increased government spending on physical structures. The dollar and Treasury yields advanced, while crude oil prices slid.

Equities hovered near record highs in light trading last Friday. The Dow and the Nasdaq were flat, the S&P 500 inched up 0.2%, and the Global Dow rose 0.3%. The Russell 2000 dipped 0.9%. Yields on 10-year Treasuries, the dollar, and crude oil prices fell. The sectors closed mixed on the day, with consumer staples, health care, real estate, information technology, communication services, materials, and utilities gaining, while consumer discretionary, energy, financials, and industrials declined.

The national average retail price for regular gasoline was $3.172 per gallon on August 9, $0.013 per gallon more than the prior week's price and $1.006 higher than a year ago. Gasoline production decreased during the week ended August 6, averaging 10.0 million barrels per day, down from the prior week's average of 10.2 million barrels per day. U.S. crude oil refinery inputs averaged 16.2 million barrels per day during the week ended August 6; this was 277,000 barrels per day more than the previous week's average. For the week ended August 6, refineries operated at 91.8% of their operable capacity, up from the prior week's level of 91.3%.

Key Dates/Data Releases

8/17: Retail sales, industrial production

8/18: Housing starts

Stock Market Indexes

Market/Index	2020 Close	Prior Week	As of 8/13	Weekly Change	YTD Change
DJIA	30,606.48	35,208.51	35,515.38	0.87%	16.04%
Nasdaq	12,888.28	14,835.76	14,822.90	-0.09%	15.01%
S&P 500	3,756.07	4,436.52	4,468.00	0.71%	18.95%
Russell 2000	1,974.86	2,200.58	2,223.11	1.02%	12.57%
Global Dow	3,487.52	4,034.74	4,098.92	1.59%	17.53%
Fed. Funds target rate	0.00%-0.25%	0.00%-0.25%	0.00%-0.25%	0 bps	0 bps
10-year Treasuries	0.91%	1.29%	1.29%	0 bps	38 bps
US Dollar-DXY	89.84	92.78	92.51	-0.29%	2.97%
Crude Oil-CL=F	$48.52	$68.47	$68.02	-0.66%	40.19%
Gold-GC=F	$1,893.10	$1,813.60	$1,779.90	-1.86%	-5.98%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic News

- Inflationary pressures continued to expand in July but at a slower pace. The Consumer Price Index advanced 0.5% last month after increasing 0.9% in June. Over the last 12 months, the CPI has risen 5.4%. Prices less food and energy rose 0.3% in July, its smallest monthly increase in four months. In July, food prices rose 0.7% and energy prices climbed 1.6%. Shelter prices rose 0.4% in July and 2.8% over the last 12 months. In addition, prices for new vehicles increased 1.7% in July and 6.4% over the last 12 months. Prices for used cars and trucks rose 0.2% last month but have increased 41.7% since July 2020.
- Producer prices rose 1.0% in July, the same advance as in June. Over the 12 months ended in July, producer prices have risen 7.8%, the largest 12-month increase since November 2010. Prices less foods, energy, and trade services moved up 0.9% in July, the largest advance since climbing 1.0% in January. For the 12 months ended in July, producer prices less foods, energy, and trade services rose 6.1%, the largest increase since 12-month data was first calculated in August 2014. Prices for services rose 1.1% in July, the largest one-month increase since data was first calculated in December 2009. Nearly half of the advance in July is attributable to margins for trade services, which jumped 1.7%. (Trade indexes measure changes in margins received by wholesalers and retailers.) Prices for goods rose 0.6% in July.
- The number of job openings increased to a series high of 10.1 million on the last business day of June, according to the latest information from the U.S. Bureau of Labor Statistics. The job openings rate rose to 6.5%. Job openings increased in several industries, with the largest increases appearing in professional and business services (+227,000), retail trade (+133,000), and accommodation and food services (+121,000). Hires rose 697,000, or 4.6%, to 6.7 million. Total separations edged up 254,000 to 5.6 million. In June, the number of layoffs and discharges was little changed at 1.3 million, a series low. Within separations, the quits rate increased 2.7% to 3.9 million. Over the 12 months ended in June, hires totaled 72.1 million and separations totaled 65.2 million, yielding a net employment gain of 6.9 million.
- Prices for U.S. imports increased 0.3% in July after advancing 1.1% the previous month. Much of the monthly increase in imports was driven by higher fuel prices. The July increase in imports was the smallest monthly advance since a 0.1% increase in November 2020. Import prices climbed 10.2% for the 12 months ended in July. Fuel import prices rose 2.9% in July following increases of 5.5% in June. Prices for fuel imports increased 66.5% since July 2020. Import prices excluding fuel were unchanged in July. Export prices rose 1.3% in July following a 1.2% advance in June. Higher nonagricultural export prices in July more than offset lower agricultural export prices. Export prices advanced 17.2% for the year ended in July.
- The government deficit expanded by 7.3% in July to $302.1 billion. Receipts fell $187.2 billion to $262.0 billion, and government expenditures declined $59.3 billion to $564.1 billion. Through the first 10 months of the 2021 fiscal year, the total government deficit sits at $2.540.0 trillion, 10.5% lower than the government deficit over the same period in fiscal year 2020. Compared to the last fiscal year, total government receipts are up $494.5 billion, while government outlays increased $227.2 billion.

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- For the week ended August 7, there were 375,000 new claims for unemployment insurance, a decrease of 12,000 from the previous week's level, which was revised up by 2,000. According to the Department of Labor, the advance rate for insured unemployment claims for the week ended July 31 was 2.1%, a decrease of 0.1 percentage point from the previous week's rate, which was revised up by 0.1 percentage point. The advance number of those receiving unemployment insurance benefits during the week ended July 31 was 2,866,000, a decrease of 114,000 from the prior week's level, which was revised up by 50,000. This is the lowest level for insured unemployment since March 14, 2020, when it was 1,770,000. For comparison, during the same period last year, there were 883,000 initial claims for unemployment insurance, and the insured unemployment claims rate was 10.5%. During the last week of February 2020 (pre-pandemic), there were 219,000 initial claims for unemployment insurance, and the number of those receiving unemployment insurance benefits was 1,724,000. States and territories with the highest insured unemployment rates for the week ended July 24 were Puerto Rico (4.7%), Illinois (3.8%), New Jersey (3.6%), California (3.5%), New York (3.3%), Connecticut (3.2%), Rhode Island (3.2%), the District of Columbia (3.1%), Louisiana (2.7%), and Nevada (2.7%). The states and territories with the largest increases in initial claims for the week ended July 31 were Indiana (+3,572), Georgia (+1,421), Rhode Island (+1,285), Alabama (+1,226), and Illinois (+1,160), while the largest decreases were in Pennsylvania (-6,113), Texas (-3,745), Michigan (-3,060), Tennessee (-3,000), and Puerto Rico (-2,979).

Eye on the Week Ahead

The housing sector is slowing somewhat. June saw the number of issued building permits lag from May's total, although housing starts increased. On the other hand, industrial production has risen fairly steadily since February and is expected to continue to rising accommodate increasing demand.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Forecasts are based on current conditions, subject to change, and may not come to pass. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities and other bonds fluctuates with market conditions. Bonds are subject to inflation, interest-rate, and credit risks. As interest rates rise, bond prices typically fall. A bond sold or redeemed prior to maturity may be subject to loss. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indices listed are unmanaged and are not available for direct investment.

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