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CORBETT ROAD
WEALTH MANAGEMENT

Market Week: September 7, 2021

The Markets (as of market close September 3, 2021)

Wall Street closed the week generally higher, with only the Dow dipping. Investors have the Labor Day weekend to weigh the effects of the somewhat lackluster jobs report for August. Last week, traders continued to move back to tech stocks and megacaps, driving the Nasdaq to record highs. Following the advancing Nasdaq was the Global Dow, the Russell 2000, and the S&P 500. Ten-year Treasury yields inched up, the dollar slipped, while crude oil prices rose less than $1.00 per barrel. Gold prices climbed for the second consecutive week. Year to date, the S&P 500 is nearly 21.0% higher than its 2020 closing mark, closely followed by the Nasdaq. Among the market sectors, energy, financials, industrials, and materials fell, while communication services, real estate, technology, consumer discretionary, health care, utilities, and consumer staples advanced.

Stocks closed last Monday mixed, with the Nasdaq (0.9%) and the S&P 500 (0.4%) reaching new highs, while the Dow (-0.2%) and the Russell 2000 (-0.5%) lagged. The Global Dow inched up 0.1%. Megacap growth stocks advanced, while value stocks and cyclicals fell. Among the sectors, real estate, information technology, consumer discretionary, and communication services performed well, while financials and energy declined. Ten-year Treasury yields dipped, crude oil prices were unchanged, and the dollar rose 0.4%.

Last Tuesday, equities ended August with monthly gains. Following last month's advance, the S&P 500 posted its strongest year-to-date increase since 1997. However, stocks opened September with mixed returns. The Dow, the S&P 500, and the Nasdaq declined 0.1%; the Russell 2000 advanced 0.3%; and the Global Dow ticked up 0.2%. Treasury yields rose, the dollar was mixed, and crude oil prices fell.

Stocks closed mostly higher last Wednesday, with only the Dow slipping. Megacaps helped push the Nasdaq and the S&P 500 higher. A surge in consumer staples drove the Russell 2000 up 0.6%. Real estate, utilities, and communication services advanced among the sectors, while energy and financials declined. Treasury yields, crude oil prices, and the dollar fell.

Wall Street closed higher last Thursday, with each of the benchmark indexes listed here posting gains. Energy and industrial shares helped drive the S&P 500 to another record high. Cyclical stocks outperformed tech shares. The small caps of the Russell 2000 (0.7%) led the indexes, followed by the Dow (0.4%), the Global Dow (0.3%), the S&P 500 (0.3%), and the Nasdaq (0.1%). Ten-year Treasury yields and the dollar declined for the third consecutive day. Crude oil prices rose, likely impacted somewhat by the aftermath of Hurricane Ida in the Gulf of Mexico.

A disappointing jobs report left equities mixed last Friday, although the Nasdaq managed to advance 0.2% — enough to reach a record high. Otherwise, stocks dipped lower on the day, with the Russell 2000 falling 0.5%, followed by the Dow (-0.2%) and the Global Dow (-0.1%). The S&P 500 closed essentially unchanged. Treasury yields advanced, while the dollar and crude oil prices slipped. Energy, financials, industrials, utilities, and materials fell by at least 0.5%.

The national average retail price for regular gasoline was $3.139 per gallon on August 30, $0.006 per gallon less than the prior week's price but $0.917 higher than a year ago. Gasoline production decreased during the week ended August 27, averaging 9.9 million barrels per day. U.S. crude oil refinery inputs averaged 15.9 million barrels per day during the week ended August 27 — 133,000 barrels per day less than the previous week's average. Refineries operated at 91.3% of their operable capacity, down from the prior

Key Dates/Data Releases
9/8: JOLTS
9/10: Producer Price Index

week's level of 92.4%.

Stock Market Indexes

Market/Index	2020 Close	Prior Week	As of 9/3	Weekly Change	YTD Change
DJIA	30,606.48	35,454.81	35,369.09	-0.24%	15.56%
Nasdaq	12,888.28	15,129.50	15,363.52	1.55%	19.21%
S&P 500	3,756.07	4,509.37	4,535.43	0.58%	20.75%
Russell 2000	1,974.86	2,278.02	2,292.05	0.62%	16.06%
Global Dow	3,487.52	4,055.61	4,082.92	0.67%	17.07%
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%	1.31%	1.32%	1 bps	41 bps
US Dollar-DXY	89.84	92.68	92.14	-0.58%	2.56%
Crude Oil-CL=F	$48.52	$68.72	$69.26	0.79%	42.75%
Gold-GC=F	$1,893.10	$1,821.60	$1,830.20	0.47%	-3.32%

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

- There were 235,000 new jobs added in August, well below the totals from both June (962,000) and July (1.1 million). Employment has risen by 17.0 million since April 2020 but is down by 5.3 million, or 3.5%, from its pre-pandemic level in February 2020. In August, notable job gains occurred in professional and business services, transportation and warehousing, private education, manufacturing, and other services. Employment in retail trade declined over the month. The unemployment rate dipped 0.2 percentage point to 5.2% in August. The number of unemployed persons edged down 318,000 to 8.4 million, following a 782,000 decrease in July. Both the unemployment rate and the number of unemployed persons are well below their April 2020 highs but remain above their levels prior to COVID-19 (3.5% and 5.7 million, respectively). The number of long-term unemployed (those jobless for 27 weeks or more) decreased by 246,000 in August to 3.2 million but is 2.1 million higher than in February 2020. These long-term unemployed accounted for 37.4% of the total unemployed in August. The labor force participation rate, at 61.7% in August, was unchanged from July. The employment-population ratio, at 58.5%, was 0.1 percentage point above July's total. This measure is up from its low of 51.3% in April 2020 but remains below the figure of 61.1% in February 2020. The number of persons not in the labor force who currently want a job declined by 835,000 in August to 5.7 million. In August, the number of employed persons who teleworked because of the coronavirus pandemic, at 13.4%, was little changed from the prior month. In August, 5.6 million persons reported that they had been unable to work because their employer closed or lost business due to the pandemic, up from 5.2 million in July. Average hourly earnings rose for the fifth consecutive month after increasing by $0.17 to $30.73 in August. Average hourly earnings have risen 4.3% since August 2020. In August, the average work week for all employees was 34.7 hours for the third consecutive month.
- Manufacturing improved in August, but at a slightly slower pace than in July, according to the latest IHS Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™). The purchasing managers' index for August was 61.1, down from 63.4 the previous month. The August growth in manufacturing was supported by increases in production and new orders, which were hampered by capacity constraints and material shortages. In addition, cost burdens rose substantially in August, with the rate of price inflation the fastest in more than 14 years.
- Activity in the services sector slowed in August, according to the IHS Markit US Services PMI. Services increased at the slowest rate in eight months as waning demand, both domestically and abroad, led to the softest rise in new business since August 2020. Jobs growth was the slowest in 14 months. Meanwhile, input costs and output charges quickened slightly as hikes in supplier and wage bills were partly passed on to clients.
- The goods and services trade deficit was $70.1 billion in July, down $3.2 billion, or 4.3%, from the June figure. July exports were $212.8 billion, $2.8 billion, or 1.3%, more than June exports. July imports were $282.9 billion, $0.4 billion, or -0.2%, less than June imports. Year to date, the goods and services deficit increased $131.0 billion, or 37.1%, from the same period in 2020. Exports increased $205.0 billion, or 16.8%. Imports increased $336.0 billion, or 21.3%.

- For the week ended August 28, there were 340,000 new claims for unemployment insurance, a decrease of 14,000 from the previous week's level, which was revised up by 1,000. This is the lowest level for initial claims since March 14, 2020, when it was 256,000. According to the Department of Labor, the advance rate for insured unemployment claims for the week ended August 21 was 2.0%, a 0.1 percentage point decrease from the previous week's rate. The advance number of those receiving unemployment insurance benefits during the week ended August 21 was 2,748,000, a decrease of 160,000 from the prior week's level, which was revised up by 46,000. 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 875,000 initial claims for unemployment insurance, and the insured unemployment claims rate was 9.1%. 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 August 14 were Puerto Rico (4.8%), California (4.0%), the District of Columbia (3.6%), New Jersey (3.5%), Illinois (3.4%), Rhode Island (3.1%), Connecticut (3.0%), New York (3.0%), the Virgin Islands (2.7%), and Nevada (2.6%). States and territories with the largest increases in initial claims for the week ended August 21 were Illinois (+3,832), Florida (+2,545), Maryland (+1,723), Oregon (+1,377), and New Jersey (+837), while states and territories with the largest decreases were Michigan (-6,757), Virginia (-4,670), Texas (-3,040), Ohio (-1,515), and Georgia (-1,407).

Eye on the Week Ahead

This week includes a couple of potentially market-moving economic reports. The Job Openings and Labor Turnover Survey (JOLTS) report for July is available this week. The number of job openings increased to a series high of 10.1 million in June, with the largest increases in job openings occurring in professional and business services (227,000), retail trade (133,000), and accommodation and food services (121,000). The Producer Price Index for August is also out this week. Prices at the producer level have been rising steadily over the past several months and have risen 7.8% for the 12 months ended in July.

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 indexes listed are unmanaged and are not available for direct investment.
