

In this week's recap: Markets react positively to the election, seeing promise in a divided government; unemployment rate falls.

Weekly Economic Update

Presented by Rebecca S. Gaylor,

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THE WEEK ON WALL STREET

Stocks soared last week as investors anticipated that a split Congress would raise legislative hurdles to changing corporate taxes and adjusting regulatory oversight of big technology companies.

The Dow Jones Industrial Average jumped 6.87%, while the Standard & Poor's 500 tacked on 7.32%. The Nasdaq Composite index surged 9.01% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, rose 7.65%.^{1,2,3}

BULLS TAKE CHARGE

Coming off a poor close to October, stocks surged throughout election week, jumping higher in pre-election trading on bargain hunting and strong factory activity. The rally picked up steam as Americans went to the polls and shifted into overdrive Wednesday morning.

Investors were buoyed by Congressional results that indicate that the next president would have to work with a divided Congress. Though a divided Congress might result in a smaller potential stimulus package and continued gridlock, investors seemed to believe that was outweighed by a diminished risk of higher taxes, greater regulation, and policy initiatives that might be challenging to businesses.

Stocks took a pause to close out the week, even as a solid jobs report saw the unemployment rate fall a full percentage point to 6.9%.⁴

YIELDS GYRATE

Overlooked amid the powerful rally in stock prices was the swing in yields last week. Action in the bond market is important since 10-year Treasury yields are a benchmark for setting borrowing costs for businesses and they represent another view on the strength of the economic recovery.

The 10-year Treasury note rose as high as 0.942% during after-hours trading on election evening and dropped to 0.768% by the end of normal trading hours on Wednesday.⁵

TIP OF THE WEEK



If you are presently retiring, moving, or divorcing, try tracking all your expenses for the next few weeks or months. Big life changes like these may mean big revisions to your budget.

THE WEEK AHEAD: KEY ECONOMIC DATA

Thursday: Consumer Price Index (CPI), Jobless Claims.

Friday: Consumer Sentiment.

Source: Econoday, November 6, 2020

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: McDonald's Corporation (MCD), Simon Property (SPG).

Tuesday: D.R. Horton (DHI), Rockwell Automation (ROK), Datadog, Inc. (DDOG).

Wednesday: Air Products and Chemicals, Inc. (APD).

Thursday: Tencent Holdings (TCEHY), The Walt Disney Company (DIS), Cisco Systems (CSCO), Applied Materials (AMAT).

Friday: Draftkings, Inc. (DKNG).

Source: Zacks, November 6, 2020

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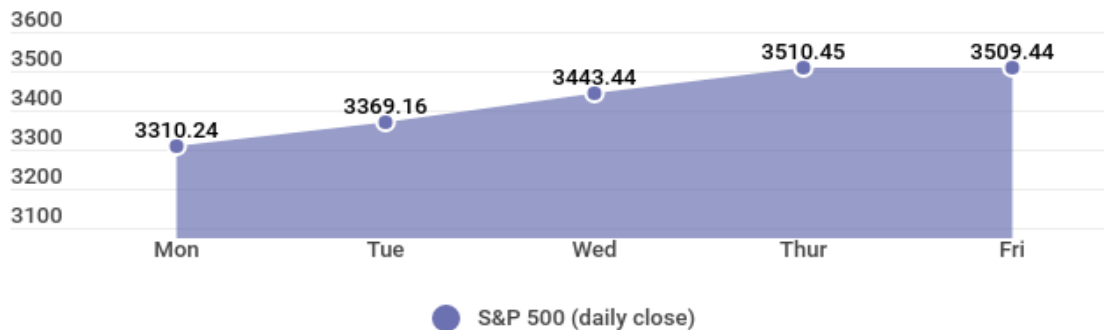
QUOTE OF THE WEEK



“Nothing in life is to be feared. It is only to be understood.”

MARIE CURIE

Market Index	Close	Week	Y-T-D
DJIA	28,323.40	+6.87%	-0.75%
NASDAQ	11,895.23	+9.01%	+32.57%
MSCI-EAFE	1,916.22	+7.65%	-5.93%
S&P 500	3,509.44	+7.32%	+8.63%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.83%	-0.05%	-1.09%

Sources: The Wall Street Journal, November 6, 2020; Treasury.gov, November 6, 2020

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, October 30, to Friday, November 6, close. Weekly performance for the MSCI-EAFE is measured from Friday, October 29, open to the Thursday, November 5, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



Two-and-a-half artists spend two-and-a-half hours painting two-and-a-half models on two-and-a-half canvases. How many artists would be necessary to paint 24 models on 24 canvases in 20 hours?

LAST WEEK'S RIDDLE: Is there a number made of eleven tens of thousands, eleven thousands, eleven hundreds, and eleven units? If so, what is it?

ANSWER: Yes - the number is 122,111. $110,000 + 11,000 + 1,100 + 11 = 122,111$.

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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.

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CITATIONS:

1. The Wall Street Journal, November 6, 2020
2. The Wall Street Journal, November 6, 2020
3. The Wall Street Journal, November 6, 2020
4. The Wall Street Journal, November 6, 2020
5. The Wall Street Journal, November 5, 2020