

Financial Week Newsletter

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SMITH
SHELLNUT
WILSON

INVESTMENT COUNSEL
AND MANAGEMENT

SSW Research Department
Office: (601) 605-1776
Email: rayt@ssw1776.com
Website: www.ssw1776.com

...as summarized by Smith Shellnut Wilson

Equity Markets

- Broad-based U.S. equity indexes advanced last week ahead of second-quarter earnings season.

	<u>7/2 Close</u>	<u>7/9 Close</u>	<u>Price Change</u>
Dow Jones	34,786	34,870	Up 0.2%
S&P 500	4,352	4,370	Up 0.4%
NASDAQ	14,639	14,702	Up 0.4%
KBW Bank Index	125.94	124.46	Down 1.2%

Financials

- Regulators closed no additional banks last week; year-to-date closures remain at zero.

Credit Markets

- U.S. intermediate-term Treasury yields last week resumed their recent decline as reflation fears continue to subside.

	<u>7/2 Close</u>	<u>7/9 Close</u>	<u>Yield Change</u>
3-month Tsy	0.04%	0.05%	Up 1 bp
2-year Tsy	0.24%	0.22%	Down 2 bps
5-year Tsy	0.86%	0.79%	Down 7 bps
10-year Tsy	1.43%	1.36%	Down 7 bps

Treasury/Fed/Administration/Congress

- The Federal Reserve acknowledged that it was caught off guard by soaring inflation this year and that it was less certain about how fast the price increases would unwind, according to internal notes from the last FOMC meeting in June; at the same time, the FOMC stuck to its forecast that the annual rate of inflation would fall back toward 2% next year.

Economy

- U.S. service providers expanded in June by less than expected as services employment contracted, even as order backlogs surged, showing still-solid demand for services like restaurant dining, hotel stays and travel.
- U.S. job openings rose in April to a new post-pandemic high of 9.3 million, the highest level in data back to 2000, even while the number of people who voluntarily left their jobs increased to 4 million, underscoring fervent labor demand and turnover as business emerge from pandemic-related restrictions and the economy strengthens.
- New weekly jobless claims unexpectedly ticked higher in the latest reporting week in another sign of the choppy recovery in the labor market, rising to 373,000 from the prior period's reading of 371,000, but still registering about half the level prevailing at the start of the year.
- U.S. consumer credit surged in May by the most on record, reflecting a jump in non-revolving loans that underscores solid household spending; on an annualized basis, borrowing jumped by 10%.

This Week

Economic data scheduled to be released this week include consumer and producer price indexes, retail sales, and consumer sentiment.

Quote

"The impossible is often the untried".

-- Jim Goodwin