

# Financial Week Newsletter

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...as summarized by Smith Shellnut Wilson

## Equity Markets

- Broad-based U.S. equity indexes fell slightly last week on mixed economic readings.

|                | <u>9/10 Close</u> | <u>9/17 Close</u> | <u>Price Change</u> |
|----------------|-------------------|-------------------|---------------------|
| Dow Jones      | 34,608            | 34,585            | Down 0.1%           |
| S&P 500        | 4,459             | 4,433             | Down 0.6%           |
| NASDAQ         | 15,115            | 15,044            | Down 0.5%           |
| KBW Bank Index | 125.03            | 126.25            | Up 1.0%             |

## Financials

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

## Credit Markets

- U.S. Treasury yields were little changed last week in front of the upcoming FOMC meeting.

|             | <u>9/10 Close</u> | <u>9/17 Close</u> | <u>Yield Change</u> |
|-------------|-------------------|-------------------|---------------------|
| 3-month Tsy | 0.04%             | 0.04%             | Unchanged           |
| 2-year Tsy  | 0.21%             | 0.22%             | Up 1 bp             |
| 5-year Tsy  | 0.82%             | 0.86%             | Up 4 bps            |
| 10-year Tsy | 1.34%             | 1.36%             | Up 2 bps            |

- The House Ways and Means Committee last week introduced a bill that, if enacted, would reinstate Build America Bonds and tax-exempt advance refundings, as well as raise the “bank qualified” issuance ceiling from the current \$10 million to \$30 trillion.

## Treasury/Fed/Administration/Congress

- Leading Democrats in the U.S. House of Representatives said last week that they are seeking to raise the nation’s top tax rate on corporations to 26.5%, up from the current 21%; the powerful House Ways and Means Committee will debate legislation that would achieve the change as part of the Democrat’s broader \$3.5 trillion domestic investment plan.
- The Federal Open Market Committee meets again next week, with the moderation in the pace of consumer inflation in August taking some pressure off of the central bank to begin paring its stimulus soon.

## Economy

- Core consumer prices increased at the slowest pace in six months in August, suggesting that inflation may have peaked, although price increases may remain elevated for a while amid persistent supply constraints.
- Production at U.S. factories rose less than expected in August as manufacturers continue to struggle with shortages of materials and labor; the 0.2% increase followed an upwardly-revised 1.6% gain in July, Federal Reserve data showed last week.
- Used car prices fell for the first time in seven months in August, providing evidence that at least some of the recent inflation seen in the U.S. economy may be transitory.
- New weekly jobless claims rose slightly in the last reporting week, but remained near pandemic-era lows.
- U.S. retail sales unexpectedly rose in August as a pickup in purchases across most categories more than offset weakness at auto dealers; the value of overall retail purchases climbed 0.7% last month following a downwardly-revised 1.8% decrease in July.
- U.S. consumer sentiment rose slightly in early September but remained close to a near-decade low, while buying conditions deteriorated to their worst reading since 1980 due to high prices.

## This Week

Economic data scheduled to be released this week include building permits, existing home sales and new home sales.

## Quote

“I’ve always felt the nine most terrifying words in the English language are: “I’m from the government and I’m here to help.”

-- Ronald Reagan