

Financial Week Newsletter

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...as summarized by Smith Shellnut Wilson

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Equity Markets

- Broad-based U.S. equity indexes fell last week on concerns over valuations.

	<u>9/24 Close</u>	<u>10/1 Close</u>	<u>Price Change</u>
Dow Jones	34,798	34,326	Down 1.4%
S&P 500	4,455	4,357	Down 2.2%
NASDAQ	15,048	14,567	Down 3.2%
KBW Bank Index	130.13	133.34	Up 2.5%

Financials

- Regulators closed no additional banks last week; year-to-date closures remain at zero.
- JPMorgan has invested in 10 minority-led banks, acquiring stakes with a total value of more than \$60 million, and is giving their customers free access to thousands of ATMs as part of its effort to help address the racial wealth gap.
- Wells Fargo will pay \$37.3 million to settle government claims that it fraudulently overcharged commercial clients on foreign exchange services, the latest in a string of scandals over the bank's treatment of customers.
- Banks have announced more than \$54 billion in M&A deals through late September, on pace for the highest dollar volume since 2008, when some big banks had to sell themselves to stave off collapse; at this time last year, banks had announced just \$17 billion in mergers.

Credit Markets

- U.S. Treasury yields were little changed last week despite a pickup in inflation.

	<u>9/24 Close</u>	<u>10/1 Close</u>	<u>Yield Change</u>
3-month Tsy	0.03%	0.04%	Up 1 bp
2-year Tsy	0.27%	0.27%	Unchanged
5-year Tsy	0.95%	0.93%	Down 2 bps
10-year Tsy	1.45%	1.46%	Up 1 bs

Treasury/Fed/Administration/Congress

- Chicago Fed President Charles Evans said last week that, despite the recent spike in inflation, he's still more worried about too little inflation in 2023 and 2024.
- Higher prices, supply bottlenecks, and hiring difficulties seen as the U.S. economy reopens from the pandemic could prove "more enduring than anticipated," and the Federal Reserve would move against unchecked inflation if needed, according to Fed Chair Jerome Powell in prepared remarks before the Senate Banking Committee last week.

Economy

- U.S. consumer confidence declined for a third straight month in September as the rapidly spreading Delta variant of the coronavirus extends the life of the global pandemic.
- The S&P CoreLogic Case-Shiller national home price index posted a 19.7% annual gain in July, up from 18.7% in June--the fourth straight month in which the growth rate set a record.
- Pending home sales, a leading indicator of the health of the housing market, rose a sharp 8.1% on a monthly basis in August, reversing two straight months of decline.
- U.S. states saw an unexpected increase in initial jobless filings in the latest reporting week, even as companies across industries looked to bring on workers to fill widespread vacancies.
- The third and final reading of second-quarter U.S. GDP saw a slight uptick to 6.7% from the previous reading of 6.6%.
- U.S. personal spending increased by 0.8% in August, following a downwardly-revised 0.1% decline in July; the personal consumption expenditures price gauge, which the Federal Reserve uses for its inflation target, rose at 4.3% on an annualized basis, the largest increase since 1991.
- U.S. manufacturing activity, which accounts for 12% of the economy, picked up further in September, but factories experienced longer delays in getting raw materials delivered and paid higher prices for inputs.

This Week

Economic data scheduled to be released this week include factory orders, consumer credit and nonfarm payrolls.

Quote

"Every day may not be good, but there's something good in every day."

-- Author Unknown

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