Financial Week Newsletter

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. . .as summarized by Smith Shellnut Wilson

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Equity Markets

- U.S. stocks finished higher for the week as worries over the debt ceiling were alleviated, at least temporarily.

	10/1 Close	10/8 Close	Price Change
Dow Jones	34,326	34,746	Up 1.2%
S&P 500	4,357	4,391	Up 0.8%
NASDAQ	14,567	14,580	Up 0.1%
KBW Bank Index	133.34	136.38	Up 2.3%

- Energy stocks led last week's gains as natural gas prices reached record highs in Europe and major oil exporters decided not to increase production higher than previously agreed.

Financials

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

Credit Markets

- Treasury yields jumped last week as traders concluded that the Federal Reserve's timeline for tapering assets purchases is probably intact despite weak job creation last month.

	10/1 Close	10/8 Close	Yield Change
3-month Tsy	0.04%	0.06%	Up 2 bps
2-year Tsy	0.27%	0.32%	Up 5 bps
5-year Tsy	0.93%	1.06%	Up 13 bps
10-year Tsy	1.46%	1.61%	Up 15 bps

- Investors pulled $2.54 billion from investment-grade bonds funds last week, marking the biggest withdrawal since April 2020. The outflows follow a bad month of total returns for high-grade credit that came as Treasury yields rose.

Treasury/Fed/Administration/Congress

- The U.S. Senate approved legislation last week the raises the borrowing limit by $480 billion, which would allow the federal government to keep paying its bills through at least early December.

- President Biden may announce whether he'll renominate Jerome Powell as Fed Chairman on October 13th, coinciding with the expiration of Randal Quareles's term as Vice Chairman of Supervision, according to Stifel Financial policy strategist Brian Gardner; Powell's current term is up in February of next years.

- Federal Reserve Governor Randal Quarles reminded market participants last week that they should be prepared to stop using the London Interbank Offered Rate (LIBOR) in transactions by the end of the year and warned that the Fed will supervise firms accordingly.

Economy

- The U.S. economy created jobs at a much slower-than-expected pace in September, as nonfarm payrolls rose by just 194,000, compared with the Dow Jones estimate of 500,000, the Labor Department reported on Friday. The total, however, was held back substantially by a sharp drop in government employment. Despite the weak report, the Federal Reserve is still expected to announce its plan to being tapering asset purchases next month.

- Private-sector payrolls increased by 568,000 last month, led by leisure and hospitality, according to ADP Research Institute data released last week. The better-than-expected report suggests that ongoing hiring challenges are beginning to ease as more Americans return to the workforce.

- New orders for U.S.-made goods accelerated in August, pointing to sustained strength in manufacturing even as economic growth appeared to have slowed in the third quarter because of shortages of raw materials and labor; factory orders posted an increase of 1.2% in August, with orders for July revised up to 0.7% from the 0.4% previously reported.

- The International Monetary Fund expects global economic growth in 2021 to full slightly below its July forecast of 6%, citing risks associated with debt, inflation and divergent economic trends in the wake of the COVID-19 pandemic.

- U.S. Services providers expanded at a faster-than-expected pace in September, supported by a pickup in business activity and growth in new orders.

This Week

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

Quote

"If you are too busy to laugh, you are too busy."

- -Proverb

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The source for the information above is Bloomberg News unless otherwise noted.