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In this week's recap: Financial contagion concerns and a positive word from the Fed bookend a wild week.

Weekly Economic Update

Presented by Ed Papier, September 27, 2021

THE WEEK ON WALL STREET

Stocks prices were whipsawed last week, dragged initially lower by financial contagion worries and later lifted by a supportive Fed policy statement.

The Dow Jones Industrial Average gained 0.62%, while the Standard & Poor's 500 advanced 0.51%. The Nasdaq Composite index was flat (+0.02%) for the week. The MSCI EAFE index, which tracks developed overseas stock markets, ticked higher by 0.20%.^{1,2,3}

A WILD WEEK

Last week began with a sharp sell-off on contagion concerns that the financial difficulties of a large, debt-laden Chinese property developer could spread to other parts of the global financial system. This added to an existing list of worries that included Delta variant infections, slowing economic activity, debt ceiling brinkmanship in Washington, and Fed tapering uncertainty.

By mid-week stocks bounced back strongly on news that downgraded the risk coming from China and a Fed announcement that its bond purchases would continue, though it did anticipate a moderation in such purchases coming soon. When the dust settled, a week that had appeared set for losses ended in small gains.

COMING SOON

The Federal Reserve concluded its FOMC (Federal Open Market Committee) meeting last week, announcing that it may start tapering its monthly bond purchases soon, perhaps as early as November, and could raise rates sometime next year.⁴

Fed Chair Jerome Powell provided further detail in a subsequent press conference, saying that bond purchases may end entirely by the middle of 2022. The support for hiking interest rates also increased, with half of the 18 Fed officials expecting interest rates to be higher by the close of next

year, up from just seven who thought similarly in June. The Fed also cut its GDP growth projection to 5.9%, compared with its June estimate of 7%, while raising its inflation forecast from 3% to 3.7%.^{5,6}

THE WEEK AHEAD: KEY ECONOMIC DATA

- Monday:** Durable Goods Orders.
- Tuesday:** Consumer Confidence.
- Thursday:** Jobless Claims. Gross Domestic Product (GDP).
- Friday:** ISM (Institute for Supply Management) Manufacturing Index.

QUOTE OF THE WEEK



"It ain't what you don't know that gets you into trouble. It's what you know for sure that just ain't so."

MARK TWAIN

Market Index	Close	Week	Y-T-D
DJIA	34,798.00	+0.62%	+13.69%
NASDAQ	15,047.70	+0.02%	+16.75%
MSCI-EAFE	2,353.16	+0.20%	+9.58%
S&P 500	4,455.48	+0.51%	+18.62%



Treasury	Close	Week	Y-T-D
10 Year Note	147.12	+0.00%	+0.51%

**10-Year Note****1.47%****+0.09%****+0.54%**

Sources: The Wall Street Journal, September 24, 2021; Treasury.gov, September 24, 2021
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, September 17, to Friday, September 24, close. Weekly performance for the MSCI-EAFE is measured from Friday, September 17, open to Thursday, September 23, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

OF NOTE

This week's OF NOTE is a request for your support. You may know the name of the famous cellist Yo Yo Ma, but it's likely you don't his sister, Dr. Yeou-Cheng Ma, a friend of Amadeus. Yeou-Cheng has always been supportive of the annual Amadeus chamber music recital by organizing rehearsals, allowing me to run through works on the program ahead of the rehearsals with the Juilliard musicians.

In addition to being a physician, Yeou-Cheng is CEO of the Children's Orchestra Society (COS). COS was founded in 1962 by Dr. H.T. Ma, Yeou-Cheng's father. It is a not-for-profit organization dedicated to "teaching the language of music" to children and teens. Their mission is to cultivate and nurture children and teach them teamwork and life skills through music-learning and performing in orchestral and chamber music settings. Members of COS receive excellent training in classical music and opportunities to perform in concerts with their peers as well as with well-established musicians.

The Society suffered heavy losses after remnants of Hurricane Ida lashed out at New York City and surrounding areas on Sept. 1. COS's instruments, musical scores and rehearsal area were damaged by four feet of water (http://www.news.cn/english/2021-09/09/c_1310176192.htm). A generous donor has dedicated up to \$150,000 as a matching grant to help rebuild COS's damaged space and instruments. Thank you for considering making a donation. Many young musicians will be greatly appreciative. Here is a link to make a donation site: https://childrenorch.networkforgood.com/projects/137248-cos-building-renovation-fund?utm_campaign=dms_email_blast_1414310. Thank you....Ed Papier

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Please feel free to send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost.

The forecasts or forward-looking statements are based on assumptions, may not materialize, and are subject to revision without notice.

The market indexes discussed are unmanaged, and generally, considered representative of their respective markets. Index performance is not indicative of the past performance of a particular investment. Indexes do not incur management fees, costs, and expenses. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results.

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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Please consult your financial professional for additional information.

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CITATIONS:

1. The Wall Street Journal, September 24, 2021
2. The Wall Street Journal, September 24, 2021
3. The Wall Street Journal, September 24, 2021
4. The Wall Street Journal, September 22, 2021
5. The Wall Street Journal, September 22, 2021
6. CNBC, September 22, 2021