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Amadeus Wealth Alternatives
Your Compass to Alternative Investments

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In this week's recap: Stocks mixed as U.S. copes with economic data and Delta variant.

Weekly Economic Update

Presented by Ed Papier, September 6, 2021

THE WEEK ON WALL STREET

Stocks were mixed last week amid conflicting economic data and continued spread of Delta variant infections.

The Dow Jones Industrial Average slipped 0.24% during the five trading days. But the Standard & Poor's 500 tacked on 0.58% and the Nasdaq Composite index rose 1.55%. The MSCI EAFE index, which tracks developed overseas stock markets, gained 1.51%.[1,2,3]

MIXED MARKET

Investors gravitated toward the high growth technology and communication services sectors, as well as the more defensive sectors, such as utilities and real estate. Reopening stocks were weighed down by Delta variant fears and a retreating consumer, while energy struggled to bounce in the wake of Hurricane Ida shutting down energy production and refining capacity.[4]

Stocks appeared to shrug off a shaky employment report on Friday, despite the questions it raised about economic growth in the months ahead.

MIXED EMPLOYMENT

After initial jobless claims reached a new pandemic low on Thursday, the August employment report on Friday came in below expectations as payrolls expanded by 235,000. Adding to the subdued report was a 4% decline in the number of hours worked by employees. On the positive side, the Friday report showed the unemployment rate fell to 5.2%, while wage growth rose 0.6% from July and increased 4.3% from August 2020.[5]

The weak employment report may reflect a pause in hiring due to the Delta variant. It could additionally muddy the outlook for the Federal Reserve, which has indicated it may begin tapering before year-end. The uncertain jobs picture may force the Fed to push its tapering start date into

2022.[5]

THE WEEK AHEAD: KEY ECONOMIC DATA

Wednesday: JOLTS (Job Openings and Labor Turnover Survey).

Thursday: Jobless Claims.

QUOTE OF THE WEEK

"In any moment of decision, the best thing you can do is the right thing, the next best thing is the wrong thing, and the worst thing you can do is nothing."

THEODORE ROOSEVELT

Market Index	Close	Week	Y-T-D
DJIA	35,369.09	-0.24%	+15.56%
NASDAQ	15,363.52	+1.55%	+19.21%
MSCI-EAFE	2,384.89	+1.51%	+11.05%
S&P 500	4,535.43	+0.58%	+20.75%

	Treasury	Close	Week	Y-T-D
	10-Year Note	1.33%	+0.02%	+0.40%

Sources: The Wall Street Journal, September 3, 2021; Treasury.gov, September 3, 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, August 27, to Friday, September 3, close. Weekly performance for the MSCI-EAFE is measured from Friday, August 27, open to Thursday, September 2, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

OF NOTE

A derivative is a legal bet (a contract) that derives its value from another asset, such as the future or current value of oil, government bonds or anything else. For example, a derivative could buy you the option (but not obligation) to buy oil in 6 months for today's price or any agreed price, hoping that oil will cost more in the future. Derivatives can also be used as insurance or betting that a loan will or won't default before a given date. So it's a big betting system, like a casino, but instead of betting on cards and roulette, you bet on future values and performance of practically anything that holds value. The system is not regulated whatsoever, and you can even buy a derivative on an existing derivative.

Most large banks try to prevent smaller investors from gaining access to the derivatives market on the basis of there being too much risk. The derivatives market has become a galactic bubble, just like the real estate bubble or the current stock market bubble. Since there is literally no economist in the world that knows exactly how derivative money flows or how the system works, while derivatives are traded in microseconds by computers, we really don't know what will trigger the crash, or when it will happen. It's conceivable the derivatives market will be catastrophic for the world financial system since the nine largest banks hold a total of $228.72 trillion in derivatives, approximately three times the entire world economy. No government in world has money for a bailout if one is needed. The following link depicts pictorially the largest banks with the greatest derivatives exposures:[6]

https://demonocracy.info/infographics/usa/derivatives/bank_exposure.html

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Know someone who could use information like this?
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.)

International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

Please consult your financial professional for additional information.

CITATIONS:

1. The Wall Street Journal, September 3, 2021
2. The Wall Street Journal, September 3, 2021
3. The Wall Street Journal, September 3, 2021
4. ALPS Portfolio Solutions Distributor, September 3, 2021
5. CNBC, September 3, 2021
6. demonocracy.info/infographics/usa/derivatives/bank_exposure.html