



A surge in consumer inflation unsettled investors, leading to a turbulent week of trading on Wall Street.

The Dow Jones Industrial Average slipped 1.14%, while the Standard & Poor's 500 fell 1.39%. The Nasdaq Composite index dropped 2.34% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, lost 3.02%.^{1,2,3}

Market Insights

Market Index	Close	Week	Y-T-D
DJIA	34,382.13	-1.14%	+12.34%
NASDAQ	13,429.98	-2.34%	+4.20%
MSCI-EAFE	2,254.21	-3.02%	+4.97%
S&P 500	4,173.85	-1.39%	+11.12%



Treasury	Close	Week	Y-T-D
10-Year Note	1.63%	+0.03%	+0.70%

Sources: The Wall Street Journal, May 14, 2021; Treasury.gov, May 14, 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, May 7, to Friday, May 14, close. Weekly performance for the MSCI-EAFE is measured from Friday, May 7, open to Thursday, May 13, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

Inflation Concerns

The market has been troubled recently by building inflationary pressures. Investors are concerned that rising prices may hurt corporate profits and force the Fed to tighten its monetary policy sooner than anticipated. Worse, investors fear the Fed may have to react more aggressively if it waits too long to act.

After back-to-back losses, the retreat in stock prices culminated on Wednesday, following the release of the higher-than-anticipated Consumer Price Index (CPI) report.

Stocks managed to claw back some of the week's losses with a Thursday-Friday rebound, sparked by investors doing some bargain hunting.

Consumer Prices Spike

Wednesday's release of April's CPI inflamed investors' inflation fears, as consumer prices rose 0.8% in April and jumped by 4.2% year-over-year. These numbers were above expectations.⁴

April price increases were led by a remarkable 10% increase in used cars, with additional pockets of sharp increases, notably in transportation services and commodities. Perhaps equally concerning is that energy costs showed a decline during April, a price weakness that may reverse in the coming months.⁵

Core inflation, which excludes the more volatile food and energy prices, was up a more modest 3.0% from April 2020.⁶

This Week: Key Economic Data

Tuesday: Housing Starts.

Wednesday: FOMC (Federal Open Market Committee) Minutes.

Thursday: Jobless Claims, Index of Leading Economic Indicators.

Friday: Existing Home Sales, PMI (Purchasing Managers Index) Composite Flash.

Source: Econoday, May 14, 2021
The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

This Week: Companies Reporting Earnings

Tuesday: Walmart (WMT), The Home Depot (HD).

Wednesday: Cisco Systems (CSCO), Target (TGT), Lowes (LOW), JD.com (JD), The TJX Companies (TJX), Deere & Company (DE).

Thursday: Kohl's Corporation (KSS), Ross Stores, Inc. (ROST), L Brands, Inc. (LB).

Source: Zacks, May 14, 2021
Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. 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. Companies may reschedule when they report earnings without notice.

Food for Thought

"Appreciation is a wonderful thing. It makes what is excellent in others belong to us as well."

—Voltaire

Tax Tip

Keep These Tips in Mind When Selling a Home

If you are selling your home, you may be able to exclude the income from the sale from your tax return.

The first thing to consider is the home's ownership and use. To claim the exclusion, you must have owned the home for at least two years or the home was your primary residence for at least two years.

If you are selling your main home, you may also be able to exclude the gain from the sale up to \$250,000 from your return for single filers and up to \$500,000 on joint returns. If you own more than one home, you can only exclude the gain on the sale of your main home. If you experience a loss when you sell your home, though, this loss isn't deductible. You can also choose not to claim the exclusion, in which case you need to report the gain on your tax return.

Some taxpayers must also report forgiven or canceled debt as income on their tax returns. This can include foreclosure or other processes where a lender forgives or cancels mortgage debt on the home.

Not sure what to report when selling your home? [Publication 523](#), [Selling Your Home](#) can help.

* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov⁷

Healthy Living Tip

Tips for Keeping a Gratitude Journal

Keeping a gratitude journal is a great way to practice giving thanks for even the small things in life. We all have things that we're thankful for and regularly recognizing them helps us stay present and gracious.

Looking to start a gratitude journal? These tips will help you get started and love the practice.

The first thing to do is to get some beautiful stationery and pens that make you happy every time you look at them.

Once you have some good materials, start with a prompt. Most people who are just starting a gratitude journal don't know where to start. Using a simple prompt will help get your gratitude juices flowing.

When thinking about things you're grateful for, focus on depth over breadth. Rather than list a number of small items, go into detail about the things you're more grateful for.

Try subtraction, not just addition, when thinking about things you're grateful for. Reflect on what your life would be like without these things.

Don't overdo it and burn yourself out. It might be more effective to journal once or twice a week rather than every day, especially as you build the habit.

Keeping a gratitude journal is about forcing ourselves to pay attention to the good things in life we'd otherwise take for granted.

Tip adapted from Greater Good Magazine⁸

Weekly Riddle

A girl has as many brothers as sisters, but each brother has only half as many brothers as sisters. How many brothers and sisters are there in the family?

Last week's riddle: *I'm tall when I'm young and short when I'm old. What am I? Answer: A candle.*

Photo of the Week



A Striped Marlin in Magdalena Bay, Baja California Sur, Mexico.

Footnotes and Sources

- The Wall Street Journal, May 14, 2021
- The Wall Street Journal, May 14, 2021
- The Wall Street Journal, May 14, 2021
- CNBC, May 12, 2021
- U.S. Bureau of Labor Statistics, May 12, 2021
- U.S. Bureau of Labor Statistics, May 12, 2021
- IRS.gov, December 15, 2020
- GreaterGood.Berkeley.edu, November 17, 2011

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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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David Gaynes
dgaynes@infingroup.com
(770) 353-6350
Gaynes Financial Services
<http://www.capitalgaynes.com/>

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