



What to know this week

Description

Last week, the stock market demonstrated a downturn following a significant sell-off in the technology sector, leading to a 1% fall in the Nasdaq Composite (^IXIC). However, the S&P 500's equal-weighted index managed to record a growth for the seventh consecutive week, underlining investors' interest in stocks beyond the usual "Magnificent Seven" tech leaders for the forthcoming market rally.

The critical test for investors in the upcoming week will be Federal Reserve's meeting on March 20. Significantly, this meeting will be preceded by the Consumer Price Index (CPI) report for February, scheduled to be released on Tuesday. This report is especially important as it provides an updated picture of inflation. Retail sales and consumer morale reports, to be released later in the week, will also play a vital role in understanding the economic situation.

In terms of earnings, a lighter week is ahead, with Dollar Tree (DLTR), Dollar General (DG), Dick's Sporting Goods (DKS), Adobe (ADBE), and Ulta Beauty (ULTA) being the notable companies due to present their quarterly reports.

Jerome Powell, the Federal Reserve Chair, has repeatedly maintained that the bank wants to be more 'confident' about the reducing trajectory of inflation before contemplating any cuts in interest rates. The CPI reading scheduled for Tuesday comes in the wake of the January report which exceeded expectations and indicated a potentially uneven slowdown of inflation, leading investors to expect fewer interest rate cuts this year.

Furthermore, the Wall Street estimates suggest that headline inflation will maintain its annual gain of 3.1%, the same as January's figure. However, monthly prices are predicted to increase by 0.4%, a slight uplift from January's 0.3% rise.

February's 'core' inflation, excluding food and energy, is expected to have seen a 3.7% year-over-year increase, down from 3.9% in January.

Recent research by Wells Fargo's team of economists indicates that, despite the strong start to the year, the trend of disinflation seems to remain robust. While inflation continues to be higher than expected, there isn't a strengthening underlying trend.

The retail sector suffered its steepest slump in sales since March 2023 in January. However, economists predict a reversal of this trend in February, with retail sales expected to have achieved a growth of 0.8%.

Finally, market activity following last Friday's jobs report unveiled a marked shift in trading action. Notably, a divergence in the performance of Apple and Tesla among the Magnificent Seven has emerged, which is likely to cause a broadening of the market rally.

Recent observations also reveal that fewer companies are mentioning the prospect of a recession. This indicates that an increasing number of businesses remain optimistic about the robustness of the US economy's health, which is backed up by increasing earnings estimates for stocks outside the technology

leaders.

In conclusion, the week ahead offers several critical releases and events that will undoubtedly shape the direction of the stock market, promising to make it an interesting period for investors. Owing to a focus on inflation and interest rates, this offers an opportunity for the market to broaden and diversify beyond the tech leaders providing optimism for continued strength in the US economy.

Vocabulary List:

1. **downturn** // (noun): A decline or decrease especially in economic activity.
2. **sell-off** // (noun): A sale of securities real estate or other assets.
3. **composite** // (noun): Made up of various parts or elements.
4. **consecutive** // (adjective): Following continuously in unbroken or logical sequence.
5. **trajectory** // (noun): The path followed by a projectile or an object moving under the action of given forces.
6. **robust** // (adjective): Strong and healthy vigorous.

Vocabulary quizzes

Multiple Choice (Select the Correct answer for each question.)

1. What is another word for making great efforts to achieve something?

Option: Composite
Option: Striving
Option: Perturbation
Option: Revitalization

2. What term refers to the process of determining the economic value of a company?

Option: Sell-off
Option: Upsurge
Option: Valuation
Option: Trajectory

3. Which of the following terms means strong and healthy in constitution?

Option: Robust
Option: Downturn
Option: Consolidation
Option: Ascendance

4. What term describes a disturbance or a change in a system?



Option: Augmentation
Option: Perturbation
Option: Melancholy
Option: Trajectory

5. Which term means the action of imbuing something with new life and vitality?

Option: Downturn
Option: Revitalization
Option: Cognoscenti
Option: Consecutive

6. What term refers to the act of spreading something especially information widely?

Option: Robust
Option: Dissemination
Option: Upsurge
Option: Intricacies

7. Which term means occurring often or repeatedly?

Option: Recurrent
Option: Sell-off
Option: Amass
Option: Augmentation

8. What term describes a person who intervenes in others' affairs without being asked?

Option: Ascendance
Option: Meddlesome
Option: Consolidation
Option: Robust

9. Which term means guilty of or involving betrayal or deception?

Option: Consolidation
Option: Trajectory
Option: Treacherous
Option: Amass

10. What is the verb form of the word "striving"?

Option: Strive
Option: Orchestrade
Option: Consecutive
Option: Cognoscenti

Gap-Fill (Fill in the blanks with the correct word from the vocabulary list.)

11. The merger led to the _____ of two major corporations.
12. The project's _____ was positively influenced by the new team.
13. The investor sought to _____ a significant amount of wealth.
14. The company experienced a rapid _____ of its shares.
15. The final product was a _____ of different materials.
16. The _____ of the team with skilled professionals improved productivity.
17. The sudden departure of the key employee caused a _____ in the department.
18. Their company saw an _____ in market share after the successful product launch.
19. The manager advised caution and _____ in implementing the new strategy.
20. The cultural festival brought about a _____ of interest in traditional arts.

Matching Sentences (Match each definition to the correct word from the vocabulary list.)

21. The art gallery is frequented by the who appreciate the finer details of each piece.
22. The athlete's training regimen was well-planned to ensure an upward in performance.
23. The whole town was in after the tragic accident claimed several lives.
24. The recent marketing campaign led to a significant in product sales.
25. The young entrepreneur was constantly to improve her business skills.
26. The dark clouds and cold rain added to her feelings of .
27. The notebook is made of a durable material that is resistant to wear and tear.
28. The security system prevented any unauthorized access to the sensitive data.



29. The local economy witnessed a after the new factory opened creating numerous jobs.

30. The jeweler explained the of diamond grading to the curious customers.

Answer

Multiple Choice: 1. Striving 2. Valuation 3. Robust 4. Perturbation 5. Revitalization 6. Dissemination 7. Recurrent 8. Meddlesome 9. Treacherous 10. Strive

Gap-Fill: 11. consolidation 12. trajectory 13. amass 14. sell-off 15. composite 16. augmentation 17. perturbation 18. ascendancy 19. restraint 20. revitalization

Matching sentence: 1. cognoscenti 2. trajectory 3. mourning 4. upsurge 5. striving 6. melancholy 7. composite 8. robust 9. resurgence 10. intricacies

CATEGORY

1. Business - LEVEL5

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