

# MARKET MINUTE

THURSDAY, JANUARY 28, 2021

## NEWS FLASHES

Federal Reserve leaves rates unchanged near zero and keeps bond-buying program in place, as expected.

Stocks tumbled on Wednesday, with the Dow closing down more than 600 points.

Video game retailer GameStop Corp (GME) has skyrocketed more than 1,700% this month.

## MARKET DRIVERS

During its first meeting of 2021, the Fed chose to hold interest rates near zero and make no changes to its bond-buying program. Chairman Jerome Powell acknowledged that the economy has a long way to go before fully recovering.

Much of the market's volatility was in response to a flurry of trading and sharp moves on several companies' stocks, including GameStop, AMC Entertainment Holdings (AMC), Express Inc. (EXPR) and more. GameStop shares closed up 135% on Wednesday, trending as one of America's most traded stocks. The upward surge began after Reddit message board readers banded together to force short squeezes in a handful of stocks.

Markets dropped as volatility surged, with the Dow falling more than 600 points on Wednesday.

## THINGS TO LOOK FOR

Investors are keeping a close eye on the speculative behavior impacting a handful of securities this week, wondering if it's a sign that stocks are overvalued. Stock indexes generally have been on the rise in January, boosted by positive earnings reporting, expectations for additional stimulus and loosening restrictions in major metropolitan areas. However, rising volatility could make stock indexes more sensitive to major news about the economy and coronavirus, both positively and negatively.

## ECONOMIC VITAL SIGNS

After hovering in the low 20s for most of January, volatility rose significantly on Jan. 27 and ended at 37 for the day. Ten-year Treasury rates dropped back by the end of the day, hitting their lowest level in three weeks.

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