

*In this week's recap: Wall Street finishes August with a rally, China decides to pause a potential response to oncoming U.S. tariffs, and two consumer confidence indices send different messages.*

# Weekly Economic Update

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*Presented by Pat Baxter, Investment Advisor Representative, September 2, 2019*

## THE WEEK ON WALL STREET

Fears of an impasse in the U.S.-China trade dispute lessened last week. While additional U.S. tariffs on Chinese imports were scheduled to take effect on September 1, China's government communicated that it would refrain from taking retaliatory measures for the moment.

U.S. stock benchmarks advanced during the week. The S&P 500 rose 2.79% across five trading days, and the Nasdaq Composite and Dow Jones Industrial Average respectively gained 2.72% and 3.02%. The MSCI EAFE international index added just 0.25%.<sup>1,2</sup>

## POSITIVE NEWS IN THE TRADE DISPUTE

Thursday, a spokesman for China's commerce ministry said that negotiations could resume this month, and that discussions need to focus on "removing the new tariffs to prevent escalation."

In addition, officials in Beijing indicated they would hold off on responding to the U.S. tariff hikes announced Friday by the White House.<sup>3</sup>

## MIXED CONSUMER CONFIDENCE SIGNALS

The Conference Board's monthly Consumer Confidence Index was at 135.1 in August. Analysts polled by Reuters had projected a reading of 129.5. Consumers' view of the present economic situation was the best since November 2000.

On the other hand, the University of Michigan's monthly Consumer Sentiment Index (based on a different collection of survey data) dropped 8.6 points during August to 89.8; that was its biggest monthly descent in nearly seven years.<sup>4,5</sup>

## WHAT'S NEXT

After a pause for the Labor Day holiday, U.S. financial markets have an abbreviated trading week. The August jobs report may influence Friday's Wall Street session, and any news pertaining to U.S.-China trade talks could also influence the markets.

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#### TIP OF THE WEEK



*If you still receive paper bank statements, you should know that there could be a **financial perk for going digital**: some financial institutions may offer you **lower fees** in return for your choice to manage your money online.*

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#### THE WEEK AHEAD: KEY ECONOMIC DATA

**Tuesday:** The Institute for Supply Management releases its August Purchasing Managers Index (PMI) for the factory sector, assessing U.S. manufacturing activity.

**Thursday:** ISM presents its August PMI for the service sector, and payroll giant ADP publishes its latest private-sector employment snapshot.

**Friday:** The Department of Labor offers its August employment report.

Source: Econoday / MarketWatch Calendar, August 30, 2019

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. The release of data may be delayed without notice for a variety of reasons.

#### THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

**Wednesday:** Palo Alto Networks (PANW), Slack Technologies (WORK)

**Thursday:** Lululemon Athletica (LULU)

Source: Zacks, August 30, 2019

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Any investment should be consistent with your objectives, time frame, and risk tolerance. 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.

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QUOTE OF THE WEEK



*“Take **rest**; a field that has **rested** gives a bountiful crop.”*

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| Market Index | Close     | Week   | Y-T-D   |
|--------------|-----------|--------|---------|
| DJIA         | 26,403.28 | +3.02% | +13.19% |
| NASDAQ       | 7,962.88  | +2.72% | +20.01% |
| MSCI-EAFE    | 1,831.36  | +0.25% | +6.48%  |
| S&P 500      | 2,926.46  | +2.79% | +16.74% |



|   | Treasury     | Close | Week   | Y-T-D  |
|---|--------------|-------|--------|--------|
|  | 10-Year Note | 1.50% | -0.02% | -1.19% |

Sources: The Wall Street Journal, August 30, 2019; Treasury.gov, August 30, 2019

The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite is measured from the close of trading on Friday, August 23 to the Friday, August 30 close. Weekly performance for the MSCI-EAFE is measured from the Friday, August 23 open to the Thursday, August 29 close. U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points. 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.

THE WEEKLY RIDDLE



*When I was 2 years old, my brother was half my age. Now I am 100 years old, how old is my brother?*

*LAST WEEK'S RIDDLE: A crook steals \$100 from a cash register. The crook returns an hour later with the same \$100 and buys \$70 in items, receiving \$30 in change. How much does the merchant lose?*

*ANSWER: \$100. The shop loses \$70 worth of goods, plus \$30 dollars in cash. It is as if the merchant gave the goods out for free as well as \$30.*

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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.)

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CITATIONS:

- 1 - [wsj.com/market-data](http://wsj.com/market-data) [8/30/19]
- 2 - [quotes.wsj.com/index/XX/990300/historical-prices](http://quotes.wsj.com/index/XX/990300/historical-prices) [8/30/19]
- 3 - [marketwatch.com/story/dow-futures-up-over-250-points-as-china-tamps-down-fears-of-further-trade-war-escalation-2019-08-29](http://marketwatch.com/story/dow-futures-up-over-250-points-as-china-tamps-down-fears-of-further-trade-war-escalation-2019-08-29) [8/29/19]
- 4 - [cnbc.com/2019/08/27/us-consumer-confidence-august-2019-index-dips.html](http://cnbc.com/2019/08/27/us-consumer-confidence-august-2019-index-dips.html) [8/27/19]
- 5 - [sca.isr.umich.edu/](http://sca.isr.umich.edu/) [8/30/19]

CHART CITATIONS:

- [wsj.com/market-data](http://wsj.com/market-data) [8/30/19]  
[quotes.wsj.com/index/SPX/historical-prices](http://quotes.wsj.com/index/SPX/historical-prices) [8/30/19]  
[treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield](http://treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield) [8/30/19]  
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