

In this week's recap: stocks flirt with record highs, China and the U.S. continue negotiations toward a trade deal, and consumer sentiment improves.

Weekly Economic Update

Presented by Pat Baxter, Investment Advisor Representative, October 28, 2019

THE WEEK ON WALL STREET

The S&P 500 came within 0.1% of a record close Friday. Stocks were lifted last week by positive news on U.S.-China trade negotiations, plus earnings announcements.

The Nasdaq Composite posted the largest weekly gain of the three major U.S. stock indices. It rose 1.90%. Last week also brought gains of 0.70% for the Dow Jones Industrial Average and 1.22% for the S&P. The MSCI EAFE, a benchmark for developed stock markets outside the U.S., rose 1.14%.^{1,2,3}

ANOTHER HINT OF PROGRESS IN TRADE TALKS

Friday, the Office of the U.S. Trade Representative stated that parts of a new trade deal with China were near completion. No specifics were given as of Friday's close, but the USTR noted that negotiators had "made headway" on key issues.

Analysts think both sides may cancel certain tariffs as part of a deal. President Trump has said that he would like to sign a new trade accord with China's President, Xi Jinping, next month.⁴

A GAIN FOR CONSUMER SENTIMENT

Rising to a final October mark of 95.5, the University of Michigan's Consumer Sentiment Index advanced 2.3 points month-over-month. During August and September, the index's level varied from 89.8 to 93.2.⁵

WHAT'S NEXT

The Federal Reserve meets this week. Will it make another interest rate cut? And if it does, could it be the last rate cut for a while? Traders will study the language of the statement and listen carefully to Fed chair Jerome Powell's Wednesday press conference for clues.

TIP OF THE WEEK



*This is the time of year to think about year-end **charitable gifts**. Consider and research organizations you might wish to donate to and inquire about the **possible tax advantages** that could come from those contributions.*

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: The Conference Board presents its October Consumer Confidence Index.

Wednesday: The Federal Reserve makes its latest statement on monetary policy, and Automatic Data Processing (ADP) publishes its October private-sector payrolls report.

Thursday: The Department of Commerce offers September consumer spending data.

Friday: November begins with the Department of Labor's October jobs report and the Institute for Supply Management's newest Purchasing Managers Index for the factory sector, a gauge of U.S. manufacturing activity.

Source: Econoday, October 25, 2019

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.

THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

Monday: AT&T (T), Alphabet (GOOG), HSBC (HSBC)

Tuesday: Amgen (AMGN), BP (BP), Mastercard (MA), Merck (MRK), Pfizer (PFE)

Wednesday: Apple (AAPL), Facebook (FB), GlaxoSmithKline (GSK), Starbucks (SBUX)

Thursday: Altria (MO), Bristol-Myers Squibb (BMY), Sanofi (SNY)

Friday: AbbVie (ABBV), Alibaba (BABA), Berkshire Hathaway (BRK.B), Chevron (CVX), ExxonMobil (XOM)

Source: Zacks.com, October 25, 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.

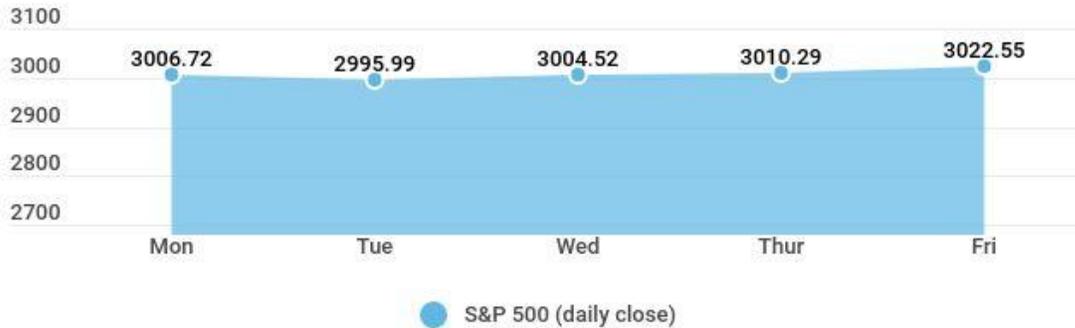
QUOTE OF THE WEEK



*“Lack of **money** is no obstacle. Lack of an **idea** is an obstacle.”*

KEN HAKUTA

Market Index	Close	Week	Y-T-D
DJIA	26,958.06	+0.70%	+15.56%
NASDAQ	8,243.12	+1.90%	+24.23%
MSCI-EAFE	1,941.92	+1.14%	+12.91%
S&P 500	3,022.55	+1.22%	+20.57%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.80%	+0.04%	-0.89%

Sources: The Wall Street Journal, October 25, 2019; Treasury.gov, October 25, 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, October 18 to the Friday, October 25 close. Weekly performance for the MSCI-EAFE is measured from the Friday, October 18 open to the Thursday, October 24 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



Round like an apple and deeper than a cup, yet all the king's horses can't pull it up. What is it?

LAST WEEK'S RIDDLE: It falls from great heights, but it never stays, and sometimes people wish it would go away. What is it?

ANSWER: Rain.

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CITATIONS:

- 1 - marketwatch.com/story/us-stock-futures-step-cautiously-higher-setting-investors-up-for-fresh-run-at-records-2019-10-25 [10/25/19]
- 2 - wsj.com/market-data [10/25/19]
- 3 - quotes.wsj.com/index/XX/990300/historical-prices [10/25/19]
- 4 - reuters.com/article/us-usa-trade-china/u-s-china-close-to-finalizing-parts-of-phase-1-trade-pact-ustr-idUSKBN1X40EF [10/25/19]
- 5 - investing.com/economic-calendar/michigan-consumer-sentiment-320 [10/25/19]

CHART CITATIONS:

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