

In this week's recap: Stocks power higher, while the Dow makes a few changes.

Weekly Economic Update

Presented by Pat Kennedy-Baxter, Financial & Investment Advisor Representative, August 31, 2020

THE WEEK ON WALL STREET

Stocks advanced relentlessly last week on positive COVID-19 developments, encouraging economic data, and a supportive policy shift in the Fed's approach to its target inflation rate.

The Dow Jones Industrial Average increased by 2.59%, while the Standard & Poor's 500 jumped 3.26%. The Nasdaq Composite index leaped 3.39% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, rose 1.19%.¹⁻³

STOCKS POWER HIGHER

Investors pushed stock prices higher all week as hopeful news came with each new day, from the announcement of a potential treatment for COVID-19 to news that U.S. and China negotiators had met by videoconference. Despite another high new jobless claims number, other economic data released during the week indicated a continuing economic recovery, further supporting investor enthusiasm for stocks.⁴

The Fed's announcement of a shift in its inflation policy, which suggested that rates are likely to remain low for a long time, helped push the market higher. The momentum carried over into Friday, leaving the S&P 500 and NASDAQ Composite at new record highs and the Dow Jones in positive year-to-date territory.⁵

CHANGES IN THE DOW INDUSTRIALS

It was announced last week that the Dow Jones Industrial Average will be undergoing some changes. Starting Monday, August 31, Salesforce.com, Amgen, and Honeywell International will be added to the 30 stocks in the Dow Industrials and Exxon Mobil, Pfizer, and Raytheon Technologies will be removed.⁶

In part, these changes were prompted by Dow-component Apple, which plans a four-to-one stock split on Monday, August 31. The Dow Jones Industrial Average is a price-weighted index,

and Apple's split reduces the impact of technology on the index. The new changes are an attempt to mitigate that issue.⁷

TIP OF THE WEEK



Establish a timeline for your financial goals. List what you want to achieve and when, and review your progress and the deadlines you have set semi-annually or annually.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: ISM (Institute of Supply Management) Manufacturing Index.

Wednesday: ADP (Automated Data Processing) Employment Report. Factory Orders.

Thursday: Jobless Claims. ISM (Institute of Supply Management) Services Index.

Friday: Employment Situation Report.

Source: Econoday, August 28, 2020

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: Zoom Video (ZM).

Wednesday: Macy's (M), Cloudera, Inc. (CLDR), MongoDB (MDB), CrowdStrike Holdings (CRWD).

Thursday: Broadcom (AVGO), DocuSign (DOCU).

Source: Zacks, August 28, 2020

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.

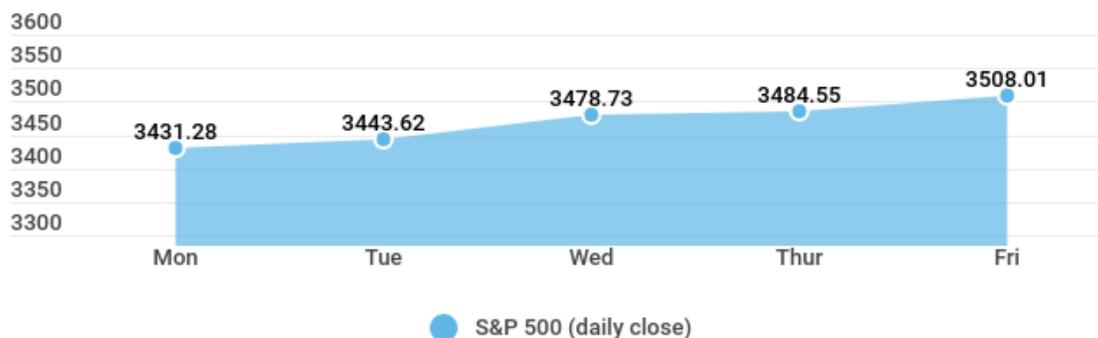
QUOTE OF THE WEEK



“Wisdom is found only in truth.”

JOHANN WOLFGANG VON GOETHE

Market Index	Close	Week	Y-T-D
DJIA	28,653.87	+2.59%	+0.40%
NASDAQ	11,695.63	+3.39%	+30.35%
MSCI-EAFE	1,902.25	+1.19%	-6.61%
S&P 500	3,508.01	+3.26%	+8.58%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.74%	+0.11%	-1.18%

Sources: The Wall Street Journal, August 28, 2020; Treasury.gov, August 28, 2020

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, August 21, to Friday, August 28, close.

Weekly performance for the MSCI-EAFE is measured from Friday, August 21, open to the Thursday, August 27, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



*There is a kind of sweet bean that never grows in a garden.
What is it?*

LAST WEEK'S RIDDLE: A man jumped out of a small plane without a parachute. When he hit the ground, he wasn't injured at all. Why?

ANSWER: The plane was parked on the ground.

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CITATIONS:

1. The Wall Street Journal, August 28, 2020
2. The Wall Street Journal, August 28, 2020
3. The Wall Street Journal, August 28, 2020
4. CNBC.com, August 27, 2020
5. CNBC.com, August 27, 2020
6. The Wall Street Journal, August 24, 2020
7. CNBC, August 20, 2020

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The Wall Street Journal, August 28, 2020
The Wall Street Journal, August 28, 2020
treasury.gov, August 28, 2020