

In this week's recap: With no fiscal stimulus anticipated and election around the corner, stocks slumped through a difficult week.

Weekly Economic Update

Presented by Pat Kennedy-Baxter, November 2, 2020

THE WEEK ON WALL STREET

Stock prices dropped last week as hopes for a fiscal stimulus bill faded and investors focused on rising COVID-19 infections, here and abroad.

The Dow Jones Industrial Average slid 6.47%, while the Standard & Poor's 500 tumbled 5.64%. The Nasdaq Composite index lost 5.51% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, slumped 5.02%.^{1,2,3}

A DIFFICULT WEEK FOR STOCKS

Stocks opened the week lower as lawmakers failed to pass a fiscal stimulus bill and a pick up in the number of new COVID-19 cases in the U.S. and Europe. Hardest hit were companies most exposed to pandemic-related economic impacts, including energy, travel and leisure, and industrials.

Losses accelerated mid-week on reports of rising coronavirus-related hospitalizations, along with news that Germany and France were reinstating partial shutdown restrictions.⁴

Stocks attempted to recover on Thursday, but took another leg lower on Friday as earnings reports from the mega-cap technology companies failed to impress investors.

POSITIVE ECONOMIC NEWS

There were several strong economic reports during the week, but investors paid little attention. Among the highlights were durable goods orders, which rose for the fifth consecutive month, a sharp drop in initial jobless claims that were the lowest since March 14th, and a 33.1% annualized jump in economic growth during the third quarter.^{5,6,7}

Investors also ignored a strong start to earnings season, which has seen 85% of reporting companies in the S&P 500 index beating earnings estimates by an average margin of 19%.⁸

TIP OF THE WEEK



Many Americans don't have wills. If you haven't created a will, do so.

THE WEEK AHEAD: KEY ECONOMIC DATA

Monday: ISM (Institute for Supply Management) Manufacturing Index.

Wednesday: ADP (Automated Data Processing) Employment Report. ISM (Institute for Supply Management) Services Index.

Thursday: Jobless Claims. FOMC (Federal Open Market Committee) Meeting Announcement.

Friday: Employment Situation.

Source: Econoday, October 30, 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: Paypal Holdings (PYPL), The Clorox Company (CLX), Mondelez International (MDLZ), Eversource Energy (ES).

Tuesday: Humana, Inc. (HUM), Prudential Financial (PRU), Emerson Electric (EMR).

Wednesday: Qualcomm (QCOM).

Thursday: Alibaba Group (BABA), Square, Inc. (SQ), Bristol Myers Squibb (BMY), General Motors (GM), Duke Energy (DUK), Cigna Corp. (CI), T-Mobile:US (TMUS), Booking Holdings (BKNG), MetLife (MET).

Friday: CVS Health Corp. (CVS), Marriott International (MAR).

Source: Zacks, October 30, 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.

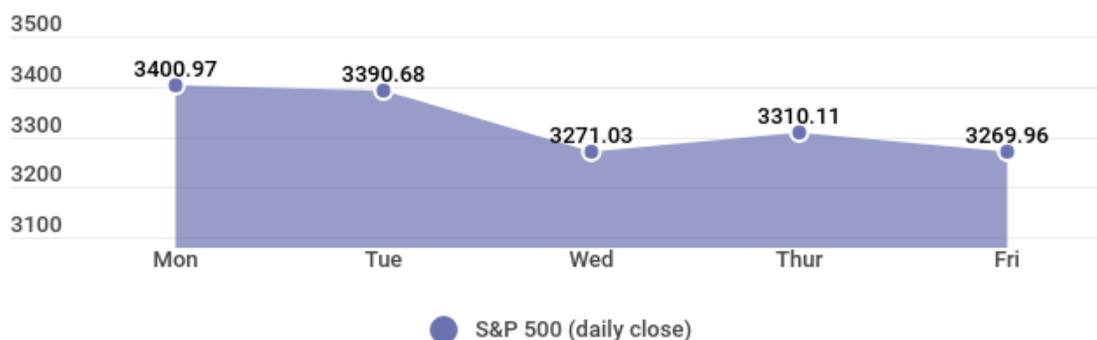
QUOTE OF THE WEEK



“No day in which you learn something is a complete loss.”

DAVID EDDINGS

| Market Index | Close | Week | Y-T-D |
|--------------|-----------|--------|---------|
| DJIA | 26,501.60 | -6.47% | -7.14% |
| NASDAQ | 10,911.59 | -5.51% | +21.61% |
| MSCI-EAFE | 1,789.64 | -5.02% | -12.14% |
| S&P 500 | 3,269.96 | -5.64% | +1.21% |



| | Treasury | Close | Week | Y-T-D |
|--|--------------|-------|--------|--------|
| | 10-Year Note | 0.88% | +0.03% | -1.04% |

Sources: The Wall Street Journal, October 30, 2020; Treasury.gov, October 30, 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, October 23, to Friday, October 30, close. Weekly performance for the MSCI-EAFE is measured from Friday, October 23, open to the Thursday, October 29, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



Is there a number made of eleven tens of thousands, eleven thousands, eleven hundreds, and eleven units? If so, what is it?

LAST WEEK'S RIDDLE: Three light switches are in the "off" position. Each connects to a light bulb in an adjoining room that you cannot see into. You can freely switch the light bulbs on and off, but you can only go into the adjoining room once to check on the state of the bulbs. Is it possible to tell which switch controls which bulb?

ANSWER: Yes. Leave switch A on for several minutes, then switch it off and turn on switch B before entering the next room. The lit bulb correlates with switch B, the dark cool bulb with switch C, and the dark but still-warm bulb with switch A.

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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. The Wall Street Journal, October 30, 2020
2. The Wall Street Journal, October 30, 2020
3. The Wall Street Journal, October 30, 2020
4. CNBC, October 27, 2020
5. The Wall Street Journal, October 27, 2020
6. CNBC, October 29, 2020
7. The Wall Street Journal, October 29, 2020
8. CNBC, October 29, 2020