

*In this week's recap: the three Wall Street benchmarks advance as investors respond to newly scheduled U.S.-China trade talks and see a silver lining in the latest employment and manufacturing data.*

# Weekly Economic Update

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*Presented by Pat Baxter, Investment Advisor Representative, September 9, 2019*

## THE WEEK ON WALL STREET

Stocks rose last week, with help from two developments: the announcement of further U.S.-China trade talks as well as August hiring and manufacturing numbers that seemed to bolster the argument for a rate cut by the Federal Reserve.

The broad U.S. equity market, as represented by the S&P 500, added 1.79% during a 4-day trading week. The Dow Jones Industrial Average improved 1.49%; the Nasdaq Composite, 1.76%. Foreign shares tracked by the MSCI EAFE index gained 1.69%.<sup>1-3</sup>

## TRADE TALKS POISED TO RESTART

Trade representatives from the U.S. and China are planning to head back to the negotiating table early next month. This news came Thursday from China's ministry of commerce, which confirmed a verbal agreement among Secretary of the Treasury Steven Mnuchin, U.S. Trade Representative Robert Lighthizer, and Chinese Vice Premier Liu He.

Formal trade discussions between the U.S. and China last happened in July. China has said that it wants punitive U.S. tariffs on its products removed in the event of a deal.<sup>4</sup>

## WEAKER HIRING & MANUFACTURING DATA

Payrolls expanded with just 130,000 net new jobs in August, according to the Department of Labor; 25,000 were temp jobs linked to the federal government's 2020 Census. The main jobless rate stayed at 3.7%. The U-6 rate, which measures both unemployment and underemployment, rose 0.2% to 7.2%.

A key gauge of U.S. factory activity, the Institute for Supply Management's manufacturing purchasing manager index, fell to 49.1 in August. A number below 50 indicates factory sector

contraction. Some investors took these hiring and manufacturing reports as hints of a slowing economy, one which the Federal Reserve could potentially try to stimulate with an interest rate cut.<sup>5,6</sup>

## WHAT'S AHEAD

August inflation data arrives this week, and if looks especially mild, it may amount to another suggestion that the Fed should ease. The European Central Bank concludes a meeting on Thursday, and Fed officials will certainly pay attention to its latest policy statement.<sup>7</sup>

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### TIP OF THE WEEK



*Some consumers pay **\$100 or more in ATM fees annually** because they make withdrawals from **third-party ATMs**. If you bank with a major lender, try to make ATM withdrawals strictly from their branches.*

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## THE WEEK AHEAD: KEY ECONOMIC DATA

**Thursday:** A new Consumer Price Index, tracking both monthly and yearly inflation.

**Friday:** The August retail sales report from the Census Bureau.

Source: Econoday, September 6, 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

**Thursday:** Broadcom (AVGO), Kroger (KR)

Source: Zacks, September 6, 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



*“Life is like a **ten-speed bicycle**. Most of us have **gears** we never use.”*

CHARLES M. SCHULTZ

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Market Index	Close	Week	Y-T-D
DJIA	26,797.46	+1.49%	+14.88%
NASDAQ	8,103.07	+1.76%	+22.12%
MSCI-EAFE	1,873.80	+1.69%	+8.95%
S&P 500	2,978.71	+1.79%	+18.82%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.55%	+0.05%	-1.14%

Sources: The Wall Street Journal, September 6, 2019; Treasury.gov, September 6, 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 30 to the Friday, September 6 close. Weekly performance for the MSCI-EAFE is measured from the Friday, August 30 open to the Thursday, September 5 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



*It is not **alive**; it cannot **see**. Yet it has an **eye**, and it can make you gasp or cry, if you are not careful. What might it be?*

*LAST WEEK'S RIDDLE: When I was 2 years old, my brother was half my age. Now I am 100 years old, how old is my brother?*

*ANSWER: 99. Half of 2 is 1.  $2+98=100$ , and  $1+98=99$ .*

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CITATIONS:

- 1 - [wsj.com/market-data](http://wsj.com/market-data) [9/6/19]
- 2 - [wsj.com/market-data](http://wsj.com/market-data) [8/30/19]
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- 5 - [bloomberg.com/news/articles/2019-09-06/u-s-payrolls-rise-130-000-boosted-by-25-000-for-census-count](http://bloomberg.com/news/articles/2019-09-06/u-s-payrolls-rise-130-000-boosted-by-25-000-for-census-count) [9/6/19]
- 6 - [tradingeconomics.com/united-states/business-confidence](http://tradingeconomics.com/united-states/business-confidence) [9/3/19]
- 7 - [cnbc.com/2019/09/06/stocks-look-to-reclaim-their-all-time-highs-in-the-week-ahead.html](http://cnbc.com/2019/09/06/stocks-look-to-reclaim-their-all-time-highs-in-the-week-ahead.html) [9/6/19]

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