

*In this week's recap: The tech sector slip continues for stocks; the Federal Reserve signals that interest rates will not be increased for some time.*

# Weekly Economic Update

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*Presented by Pat Kennedy-Baxter, Financial & Investment Advisor Representative*

*September 21, 2020*

## THE WEEK ON WALL STREET

Stocks slipped as the technology sector remained under pressure and a mid-week announcement by the Federal Reserve failed to inspire investors.

The Dow Jones Industrial Average declined 0.03%, while the Standard & Poor's 500 fell 0.64%. The Nasdaq Composite index dropped 0.56% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, rose 0.75%.<sup>1,2,3</sup>

## TECHNOLOGY PULLS STOCKS LOWER

As has been the case in recent weeks, technology stocks led the market higher, then lower in an otherwise turbulent week of trading.

Merger and acquisition activity announced at the start of the week generated a rush back into technology stocks, sparking a rebound from the previous week's drop. Stocks continued to advance until Wednesday, when investors began to digest comments from the Fed's Federal Open Market Committee meeting. The Fed delivered a message that coupled assurances of continued low rates with concerns about the health of the economic recovery.<sup>4</sup>

## THE FED STAYS THE COURSE

In the last Federal Open Market Committee (FOMC) meeting before the November election, the Fed signaled that interest rates would not be increased "until labor market conditions have reached levels consistent with the committee's assessments of maximum employment and inflation has risen to 2% and is on track to moderately exceed 2% for some time."<sup>4</sup>

Most Fed officials do not see this happening until 2023.

While the Fed maintained its view on the importance of fiscal stimulus to help American workers and businesses, it did improve its outlook for unemployment in its latest economic outlook. The

Fed now expects unemployment would average around 7-8% in the final three months of the year, down from its June prediction of around 9-10%.<sup>5</sup>

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#### TIP OF THE WEEK



*Always explore the alternatives before you make a big-ticket purchase. A few minutes of online searching may bring you exactly what you want (or close) at considerable savings.*

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#### THE WEEK AHEAD: KEY ECONOMIC DATA

**Tuesday:** Existing Home Sales.

**Thursday:** Jobless Claims. New Home Sales.

**Friday:** Durable Goods Orders.

Source: Econoday, September 18, 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

**Tuesday:** Nike (NKE), Autozone (AZO), Fedex (FDX).

**Wednesday:** General Mills (GIS).

**Thursday:** Costco Wholesale (COST), Darden Restaurants (DRI), Carnival Corp. (CCL).

Source: Zacks, September 18, 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.

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QUOTE OF THE WEEK

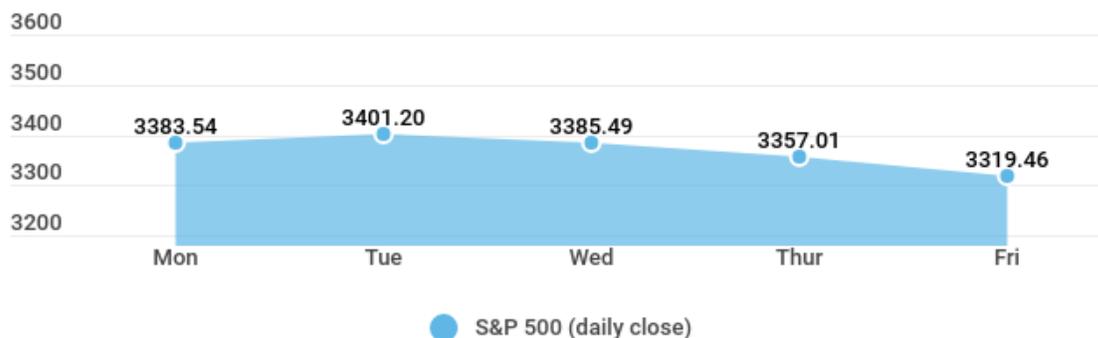


*“Simplicity is the ultimate sophistication.”*

*LEONARDO DA VINCI*

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Market Index	Close	Week	Y-T-D
DJIA	27,657.42	-0.03%	-3.09%
NASDAQ	10,793.28	-0.56%	+20.29%
MSCI-EAFE	1,911.18	+0.75%	-6.17%
S&P 500	3,319.46	-0.64%	+2.74%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.70%	+0.03%	-1.22%

Sources: The Wall Street Journal, September 18, 2020; Treasury.gov, September 18, 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, September 11, to Friday, September 18, close. Weekly performance for the MSCI-EAFE is measured from Friday, September 11, open to the Thursday, September 17, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## THE WEEKLY RIDDLE



*A family has a mother, father, and four daughters. Each daughter has one brother. How many people are in the family?*

*LAST WEEK'S RIDDLE: A plastic bottle filled with cola weighs one liter. What do you need to add to it to make it weigh less than two ounces?*

*ANSWER: Add a hole to it.*

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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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CHART CITATIONS:

The Wall Street Journal, September 18, 2020

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treasury.gov, September 18, 2020