

In this week's recap: the S&P 500 loses 1% for the week after investors assess mixed economic data and hear that limits might be placed on U.S. investment in Chinese companies.

Weekly Economic Update

Presented by Pat Baxter, Investment Advisor Representative, September 30, 2019

THE WEEK ON WALL STREET

Stocks retreated last week. Traders worried that the formal impeachment inquiry of President Donald Trump might distract White House officials from their pursuit of a trade deal with China and shift the focus of Congress away from consideration of the United States-Mexico-Canada Agreement (USMCA). Also, news broke Friday that the White House was considering restricting levels of U.S. investment in Chinese firms.

The Dow Jones Industrial Average lost less than the Nasdaq Composite and S&P 500. Blue chips declined 0.43% week-over-week, while the S&P fell 1.01%, and the Nasdaq dipped 2.19%. The MSCI EAFE index, tracking developed overseas stock markets, lost 0.89%.^{1,2,3}

INCOMES GROW, SPENDING SLOWS

Data released Friday by the Bureau of Economic Analysis showed household incomes rising 0.4% in August. Consumer spending improved just 0.1% last month, however; that was the smallest advance in six months.

Another BEA report noted that “real” consumer spending (that is, consumer spending adjusted for inflation) rose 4.6% during the second quarter.^{4,5}

A SLIP IN CONSUMER CONFIDENCE

The Conference Board's Consumer Confidence Index fell to 125.1 for September. That compares to a reading of 134.2 in August. Lynn Franco, the CB's director of economic indicators, wrote that “the escalation in trade and tariff tensions in late August appears to have rattled consumers. However, this pattern of uncertainty and volatility has persisted for much of the year and it appears confidence is plateauing.”

In contrast, the University of Michigan's Consumer Sentiment Index ended September at 93.2, an improvement from a final August mark of 89.8.^{6,7}

WHAT'S AHEAD

On October 10, the Social Security Administration is scheduled to announce the 2020 cost of living adjustment (COLA) for Social Security retirement benefits. Earlier this month, Bureau of Labor Statistics yearly inflation data pointed to a possible 2020 COLA in the range of 1.6%-1.7%.⁸

TIP OF THE WEEK



*When one or both spouses come into a **marriage** with **considerable individual assets**, a **separate property trust** may be worth considering, if only as a mechanism to try and insulate assets of one spouse from creditors of the other.*

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: The Institute for Supply Management presents its September Purchasing Managers Index for the factory sector, a barometer of U.S. manufacturing health.

Wednesday: ADP, the payroll processor, releases its September National Employment Report.

Thursday: ISM's non-manufacturing PMI arrives, reporting on the state of the U.S. service sector.

Friday: The Department of Labor's September jobs report appears, and Federal Reserve Chairman Jerome Powell gives a keynote speech at a Fed event in Washington D.C.

Source: Econoday, September 27, 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

Wednesday: Lennar (LEN), Paychex (PAYX)

Thursday: Constellation Brands (STZ), Costco (COST), PepsiCo (PEP)

Source: Zacks, September 27, 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.

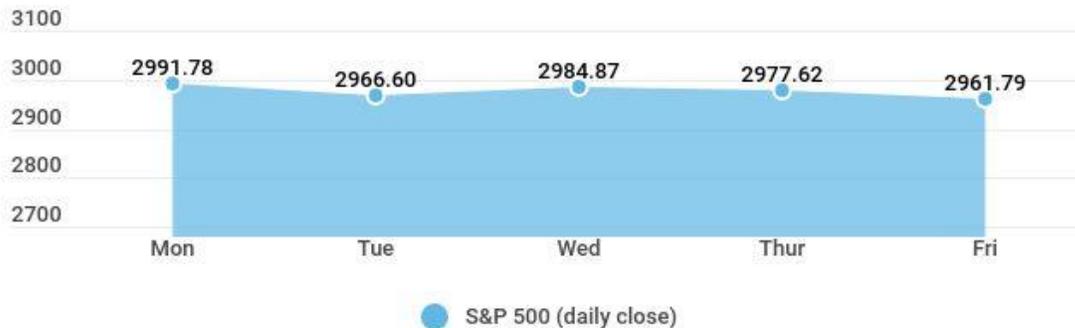
QUOTE OF THE WEEK



*“Each of us is full of too many wheels, screws, and valves to permit us to judge one another on a **first impression** or by two or three **external signs.**”*

ANTON CHEKHOV

| Market Index | Close | Week | Y-T-D |
|--------------|-----------|--------|---------|
| DJIA | 26,820.25 | -0.43% | +14.97% |
| NASDAQ | 7,939.63 | -2.19% | +19.66% |
| MSCI-EAFE | 1,895.62 | -0.89% | +10.22% |
| S&P 500 | 2,961.79 | -1.01% | +18.15% |



| | Treasury | Close | Week | Y-T-D |
|--|--------------|-------|--------|--------|
| | 10-Year Note | 1.69% | -0.05% | -1.00% |

Sources: The Wall Street Journal, September 27, 2019; Treasury.gov, September 27, 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, September 20 to the Friday, September 27 close. Weekly performance for the MSCI-EAFE is measured from the Friday, September 20 open to the Thursday, September 26 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



Which is heavier, a pound of lead or a pound of silver?

LAST WEEK'S RIDDLE: Up and down the stairs it goes, without moving any toes. It is found upstairs, downstairs, even in the hall; alas, it cannot move at all. What is it?

ANSWER: Carpet.

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CITATIONS:

- 1 - cnn.com/2019/09/27/investing/dow-stock-market-today-oil/index.html [9/27/19]
- 2 - wsj.com/market-data [9/27/19]
- 3 - quotes.wsj.com/index/XX/990300/historical-prices [9/27/19]
- 4 - marketwatch.com/story/consumer-spending-barely-rises-in-august-as-americans-save-more-2019-09-27 [9/27/19]
- 5 - investing.com/economic-calendar [9/27/19]
- 6 - conference-board.org/data/consumerconfidence.cfm [9/24/19]
- 7 - marketwatch.com/story/consumer-sentiment-rebounds-in-september-but-americans-more-anxious-2019-09-27 [9/27/19]
- 8 - tinyurl.com/y2n8uvng [9/8/19]

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