

In this week's recap: Stocks advance with hopes of a new stimulus, end the week up, despite no new deal and President Trump's illness.

Weekly Economic Update

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

October 5, 2020

THE WEEK ON WALL STREET

Stocks advanced last week, propelled by hopes that legislators may reach an agreement for a new fiscal stimulus package and optimism generated by a few corporate deal announcements and initial public offerings.

The Dow Jones Industrial Average rose 1.87%, while the Standard & Poor's 500 increased 1.52%. The Nasdaq Composite index gained 1.48% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, advanced 1.56%.^{1,2,3}

STOCKS MANAGE GAINS

Stocks ebbed and flowed all week as investors reacted to news that legislators might have reached a compromise for a new round of fiscal stimulus. By Friday afternoon, the negotiations proved unfruitful, though stocks managed to retain some of the gains built up over the course of the week.

Corporate buyout announcements, along with a couple of high profile initial public offerings, helped the overall market while technology stocks enjoyed a good week. Energy stocks continued to lag.

In volatile Friday trading, stocks sagged following a weak employment report and news that President Trump had tested positive for COVID-19 and was later hospitalized. Losses were trimmed later in the day on comments by House Speaker Nancy Pelosi, who suggested an airline aid bill may be in the works.

CONFLICTING EMPLOYMENT DATA

Last week's employment reports and corporate layoff announcements painted a mixed picture of the labor market.

The monthly ADP (Automated Data Processing) report on private sector hiring showed an unexpectedly strong growth of 749,000, while jobless claims remained over 800,000.^{4,5}

Continuing jobs claims fell by nearly one million, but there were a number of large companies, including major airlines, that announced layoffs during the week. Friday's employment report showed 661,000 nonfarm payrolls were added in September, dropping the unemployment rate to 7.9%. What appears to be clear, is that the direction remains positive but the pace of progress has eased a bit.⁶

TIP OF THE WEEK



What do your children know about money? There's never a wrong time to talk to your children about its value and impact.

THE WEEK AHEAD: KEY ECONOMIC DATA

Monday: Purchasing Managers Index (PMI) Composite Final. Institute for Supply Management (ISM) Services Index.

Tuesday: Job Openings and Labor Turnover Survey (JOLTS).

Wednesday: Federal Open Market Committee (FOMC) Meeting Minutes.

Thursday: Jobless Claims.

Source: Econoday, October 2, 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: Paychex Inc. (PAYX), Levi Strauss (LEVI).

Source: Zacks, October 2, 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.

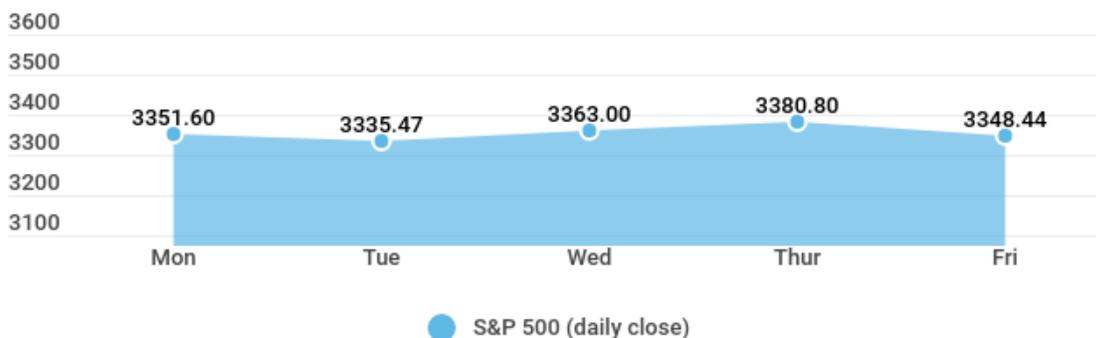
QUOTE OF THE WEEK



“You never find yourself until you face the truth.”

PEARL BAILEY

Market Index	Close	Week	Y-T-D
DJIA	27,682.81	+1.87%	-3.00%
NASDAQ	11,075.02	+1.48%	+23.43%
MSCI-EAFE	1,859.54	+1.56%	-8.71%
S&P 500	3,348.44	+1.52%	+3.64%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.70%	+0.04%	-1.22%

Sources: The Wall Street Journal, October 2, 2020; Treasury.gov, October 2, 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 25, to Friday, October 2, close.

Weekly performance for the MSCI-EAFE is measured from Friday, September 25, open to the Thursday, October 1, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



In 15 minutes, a dress will dry on a clothes wire. How long would it take you to dry five dresses?

LAST WEEK'S RIDDLE: A supermarket sign says you can buy energy bars at \$12 a dozen. At that price, how much would it cost you to buy 100 energy bars?

ANSWER: \$100. At \$12 for a dozen, the unit price is \$1 per bar.

Pat Baxter may be reached at 510-409-0086 or pat@reaplegacy.com

www.Reaplegacy.com

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.)

Investment advisory services offered through Brookstone Capital Management, LLC (BCM), a registered investment advisor. BCM and REAP Legacy, Inc. are independent of each other. Insurance products and services are not offered through BCM but are offered and sold through individually licensed and appointed agents

CITATIONS:

1. The Wall Street Journal, October 2, 2020
2. The Wall Street Journal, October 2, 2020
3. The Wall Street Journal, October 2, 2020
4. CNBC, September 30, 2020
5. CNBC, October 1, 2020
6. The Wall Street Journal, October 2, 2020

CHART CITATIONS:

The Wall Street Journal, October 2, 2020
The Wall Street Journal, October 2, 2020
treasury.gov, October 2, 2020