

In this week's recap: the Dow logs an 8-day winning streak and Treasuries sell off as the mood brightens slightly in the U.S.-China trade dispute; yearly core inflation reaches a 13-month high.

Weekly Economic Update

Presented by Ron Richards, September 16, 2019

THE WEEK ON WALL STREET

Stocks edged toward all-time peaks during a relatively calm week marked by easing trade tensions. Friday marked the eighth straight daily advance for the Dow Jones Industrial Average.¹

Small-cap shares, as tracked by the Russell 2000 index, rose 4.85% in five days. The S&P 500 improved 0.96% for the week, while the Dow and Nasdaq Composite respectively advanced 1.57% and 0.91%. Foreign shares added 1.22%, according to the MSCI EAFE index.²⁻⁴

A DELAY FOR PLANNED OCTOBER TARIFF HIKES

Existing tariffs on \$250 billion of Chinese imports were slated to rise from 25% to 30% on October 1, but the White House decided Thursday to postpone the increase until October 15, in a “gesture of good will” honoring a request from Chinese Vice Premier Liu He.

Bloomberg reported last week that some White House officials were considering an “interim” trade agreement that could pause some import taxes on Chinese products, so long as China agrees to buy specific U.S. crops and address intellectual property concerns.⁵

MORE RISK APPETITE

Last week's conciliatory gestures between the U.S. and China influenced the bond market. By Friday's close, the 10-year Treasury yield had climbed to 1.90%, up 0.35% for the week after a big selloff. (A rise in bond yields generally reflects a drop in bond prices.)⁶

INFLATION PRESSURE INCREASES

Yearly core inflation reached a 13-month peak of 2.4% in August, according to the federal government's Consumer Price Index. Core inflation (which excludes volatile food and fuel costs) has now increased for three straight months.⁷

WHAT'S NEXT

This week, traders await the Federal Reserve's latest policy announcement. Whether the Fed chooses to cut short-term interest rate, any guidance in the statement will be highly scrutinized, as Wall Street is eager to discern any hints about whether the Fed is prepared to continue cutting short-term rates.

TIP OF THE WEEK



*Smart small-business owners hire a **bookkeeper** soon after launching their companies. Organized books can point out whether a business is **successful** and identify the areas in which it can **improve**.*

THE WEEK AHEAD: KEY ECONOMIC DATA

Wednesday: The Federal Reserve's policy announcement is scheduled for 2:00pm EST, and Fed chair Jerome Powell is slated to address the media at a subsequent press conference.

Thursday: The National Association of Realtors issues its August existing home sales report.

Source: Econoday / Federal Reserve, September 13, 2019

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THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

Tuesday: Adobe (ADBE), FedEx (FDX)

Wednesday: General Mills (GIS)

Thursday: Darden Restaurants (DRI)

Source: Zacks, September 13, 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



“You cannot shake hands with a clenched fist.”

INDIRA GHANDI

Market Index	Close	Week	Y-T-D
DJIA	27,219.52	+1.57%	+16.68%
NASDAQ	8,176.71	+0.91%	+23.23%
MSCI-EAFE	1,905.31	+1.22%	+10.78%
S&P 500	3,007.39	+0.96%	+19.97%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.90%	+0.35%	-0.79%

Sources: The Wall Street Journal, September 13, 2019; Treasury.gov, September 13, 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 6 to the Friday, September 13 close. Weekly performance for the MSCI-EAFE is measured from the Friday, September 6 open to the Thursday, September 12 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.



What has hundreds or thousands of ears, but can't hear a thing?

LAST WEEK'S 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?

ANSWER: A needle.

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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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