

In this week's recap: stocks fall after a Federal Reserve rate cut, new tariffs are planned for Chinese goods, and payrolls see triple-digit monthly growth.

Weekly Economic Update

Presented by Rebecca S. Gaylor

August 5, 2019

THE WEEK ON WALL STREET

Last week, the Federal Reserve cut interest rates for the first time in more than a decade, in line with Wall Street's expectations. Ironically, stocks had their worst week of 2019.

The S&P 500 finished the week 3.10% lower. The Dow Jones Industrial Average and the Nasdaq Composite also posted weekly losses; the blue chips fell 2.60%, while the premier tech benchmark slumped 3.92%. International stocks tracked by MSCI's EAFE index dipped 1.06%.¹⁻³

FED CUTS BENCHMARK INTEREST RATE

On Wednesday, the central bank reduced the federal funds rate by 0.25%. The latest Fed policy statement noted that "global developments" and "muted inflation" influenced the decision.

Addressing the media, Fed Chairman Jerome Powell described the cut as a "mid-cycle adjustment." After that comment, Wednesday's trading session turned volatile on the interpretation that the cut was a "one and done" move, instead of what might be the first in a series.⁴

MORE TARIFFS PLANNED

Shares also fell Thursday, after a White House tweet indicated that the U.S. would put a 10% tariff on another \$300 billion of goods coming from China, effective September 1.

Practically speaking, this would mean a tariff on nearly all Chinese products arriving in America. So far, the announcement has not affected plans for trade delegates from both nations to continue negotiations in September.⁵

THE LATEST HIRING DATA

Payrolls expanded with 164,000 net new jobs in July, according to the Department of Labor. The headline jobless rate stayed at 3.7%; it has now been under 4% for 17 months. The U-6 jobless rate, which counts both underemployed and unemployed Americans, dipped to 7.0%, a level unseen since December 2000.

Monthly job growth has averaged 140,000 over the past three months, compared to 187,000 in 2018.⁶

TIP OF THE WEEK



*You may be inclined to help your adult children financially during your retirement, but **think twice** about doing so. Providing gifts or a personal loan (or cosigning on a loan they arrange) may put your own financial outlook at **risk**.*

THE WEEK AHEAD: KEY ECONOMIC DATA

Monday: The Institute for Supply Management releases its latest Non-Manufacturing Purchasing Managers Index, its monthly gauge of business activity in America's service sector.

Source: Econoday / MarketWatch Calendar, August 2, 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

Monday: Marriott International (MAR), Tyson Foods (TSN)

Tuesday: Walt Disney Co. (DIS)

Wednesday: American International Group (AIG), CVS Health (CVS)

Thursday: Booking Holdings (BKNG), Uber (UBER)

Source: Zacks, August 2, 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



*“Learning does not consist only of knowing what we **must** or we **can do**, but also of knowing what we **could do** and perhaps **should not do.**”*

UMBERTO ECO

Market Index	Close	Week	Y-T-D
DJIA	26,485.01	-2.60%	+13.54%
NASDAQ	8,004.07	-3.92%	+20.63%
MSCI-EAFE	1,894.34	-1.06%	+10.14%
S&P 500	2,932.05	-3.10%	+16.96%



Treasury	Close	Week	Y-T-D
10-Year Note	1.86%	-0.22%	-0.83%

Sources: The Wall Street Journal, August 2, 2019; Treasury.gov, August 2, 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, July 26 to the Friday, August 2 close. Weekly performance for the MSCI-EAFE is measured from the Friday, July 26 open to the Thursday, August 1 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



What two things will you never be able to eat at dinner?

LAST WEEK'S RIDDLE: Take one letter away from this 8-letter word, and you still have a word. Take another letter away from the seven letters left, and you still have a word. Keep on doing that, each time making a new word, until you have one letter left. What is this word?

ANSWER: The word is starting. Starting, staring, string, sting, sing, sin, in, I.

Rebecca S. Gaylor, CFP®, CFS
Active Money Management, Inc.
11811 N. Tatum Blvd
Suite 2200
Phoenix, AZ 85028
602-494-7641
planning.team@jwcemail.com
<http://www.gammi.com>

Securities offered through J.W. Cole Financial, Inc. (JWC)
Member: FINRA/SIPC
Advisory Services Offered Through J.W. Cole Advisors, Inc. (JWCA)
Active Money Management and JWC/JWCA Are Unaffiliated entities

J.W. Cole Financial representatives do not accept orders and/or instructions regarding your account by e-mail, voice mail, fax or any alternative method.

Privileged/Confidential Information may be contained in this message. This electronic mail transmission and any document(s) accompanying this transmission is privileged and may be proprietary in nature. It is intended only for the use of the named addressee(s) to which it is directed. If you are not the addressee(s) indicated in this message (or responsible for delivery of the message to such person), you may not copy or deliver this message to anyone. In such case, you should destroy this message and kindly notify the sender by reply email. Please advise us immediately if you or your employer do not consent to Internet email for messages of this kind.

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. The information herein has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All market indices discussed are unmanaged and are not illustrative of any particular investment. Indices do not incur management fees, costs and expenses, and cannot be invested into directly. All economic and performance data is historical and not indicative of future results. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is a market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard & Poor's 500 (S&P 500) is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock Exchange (the "NYSE") and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the

world's largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. MarketingPro, Inc. is not affiliated with any person or firm that may be providing this information to you. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.

CITATIONS:

- 1 - apnews.com/e15c18b9dbc44efab400d2214e2cb6f9 [8/2/19]
- 2 - wsj.com/market-data [8/2/19]
- 3 - wsj.com/index/XX/990300/historical-prices [8/2/19]
- 4 - forbes.com/sites/jjkinahan/2019/07/31/feds-quarter-point-rate-cut-weak-global-growth-trade-tensions-muted-inflation-cited [7/31/19]
- 5 - cnn.com/2019/08/01/investing/asian-market-latest-trade-war/index.html [8/1/19]
- 6 - cnn.com/2019/08/02/economy/july-jobs-report/index.html [8/2/19]

CHART CITATIONS:

- wsj.com/market-data [8/2/19]
- wsj.com/index/SPX/historical-prices [8/2/19]
- treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldYear&year=2019 [8/2/19]
- treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldAll [8/2/19]