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Weekly Economic Update

November 2, 2020

In this week's recap: With no fiscal stimulus anticipated and election around the corner, stocks slumped through a difficult week.

THE WEEK ON WALL STREET

Stock prices dropped last week as hopes for a fiscal stimulus bill faded and investors focused on rising COVID-19 infections, here and abroad.

The Dow Jones Industrial Average slid 6.47%, while the Standard & Poor's 500 tumbled 5.64%. The Nasdaq Composite index lost 5.51% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, slumped 5.02%.^{1,2,3}

A DIFFICULT WEEK FOR STOCKS

Stocks opened the week lower as lawmakers failed to pass a fiscal stimulus bill and a pick up in the number of new COVID-19 cases in the U.S. and Europe. Hardest hit were companies most exposed to pandemic-related economic impacts, including energy, travel and leisure, and industrials.

Losses accelerated mid-week on reports of rising coronavirus-related hospitalizations, along with news that Germany and France were reinstating partial shutdown restrictions.⁴

Stocks attempted to recover on Thursday, but took another leg lower on Friday as earnings reports from the mega-cap technology companies failed to impress investors.

POSITIVE ECONOMIC NEWS

There were several strong economic reports during the week, but investors paid little attention. Among the highlights were durable goods orders, which rose for the fifth consecutive month, a

sharp drop in initial jobless claims that were the lowest since March 14th, and a 33.1% annualized jump in economic growth during the third quarter.^{5,6,7}

Investors also ignored a strong start to earnings season, which has seen 85% of reporting companies in the S&P 500 index beating earnings estimates by an average margin of 19%.⁸

TIP OF THE WEEK



Many Americans don't have wills. If you haven't created a will, do so.

THE WEEK AHEAD: KEY ECONOMIC DATA

Monday: ISM (Institute for Supply Management) Manufacturing Index.

Wednesday: ADP (Automated Data Processing) Employment Report. ISM (Institute for Supply Management) Services Index.

Thursday: Jobless Claims. FOMC (Federal Open Market Committee) Meeting Announcement.

Friday: Employment Situation.

Source: Econoday, October 30, 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

Monday: Paypal Holdings (PYPL), The Clorox Company (CLX), Mondelez International (MDLZ), Eversource Energy (ES).

Tuesday: Humana, Inc. (HUM), Prudential Financial (PRU), Emerson Electric (EMR).

Wednesday: Qualcomm (QCOM).

Thursday: Alibaba Group (BABA), Square, Inc. (SQ), Bristol Myers Squibb (BMY), General Motors (GM), Duke Energy (DUK), Cigna Corp. (CI), T-Mobile:US (TMUS), Booking Holdings (BKNG), MetLife (MET).

Friday: CVS Health Corp. (CVS), Marriott International (MAR).

Source: Zacks, October 30, 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.

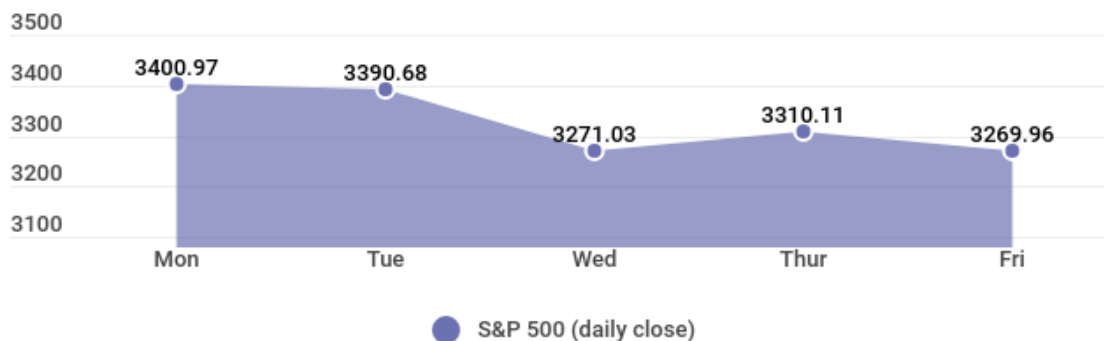
QUOTE OF THE WEEK



“No day in which you learn something is a complete loss.”

DAVID EDDINGS

Market Index	Close	Week	Y-T-D
DJIA	26,501.60	-6.47%	-7.14%
NASDAQ	10,911.59	-5.51%	+21.61%
MSCI-EAFE	1,789.64	-5.02%	-12.14%
S&P 500	3,269.96	-5.64%	+1.21%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.88%	+0.03%	-1.04%

Sources: The Wall Street Journal, October 30, 2020; Treasury.gov, October 30, 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, October 23, to Friday, October 30, close. Weekly performance for the MSCI-EAFE is measured from Friday, October 23, open to the Thursday, October 29, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



Is there a number made of eleven tens of thousands, eleven thousands, eleven hundreds, and eleven units? If so, what is it?

LAST WEEK'S RIDDLE: Three light switches are in the "off" position. Each connects to a light bulb in an adjoining room that you cannot see into. You can freely switch the light bulbs on and off, but you can only go into the adjoining room once to check on the state of the bulbs. Is it possible to tell which switch controls which bulb?

ANSWER: Yes. Leave switch A on for several minutes, then switch it off and turn on switch B before entering the next room. The lit bulb correlates with switch B, the dark cool bulb with switch C, and the dark but still-warm bulb with switch A.

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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The market indexes discussed are unmanaged, and generally, considered representative of their respective markets. Index performance is not indicative of the past performance of a particular investment. Indexes do not incur management fees, costs, and expenses. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results.

The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. Nasdaq Composite is an index of the common stocks and similar securities listed on the Nasdaq stock market and is considered a broad indicator of the performance of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

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. Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

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.

Please consult your financial professional for additional information.

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CITATIONS:

1. The Wall Street Journal, October 30, 2020
2. The Wall Street Journal, October 30, 2020
3. The Wall Street Journal, October 30, 2020
4. CNBC, October 27, 2020
5. The Wall Street Journal, October 27, 2020
6. CNBC, October 29, 2020
7. The Wall Street Journal, October 29, 2020
8. CNBC, October 29, 2020