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*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

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*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%.<sup>1,2,3</sup>

## 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.<sup>4,5</sup>

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.<sup>6</sup>

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### 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.*

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## 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.

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### QUOTE OF THE WEEK

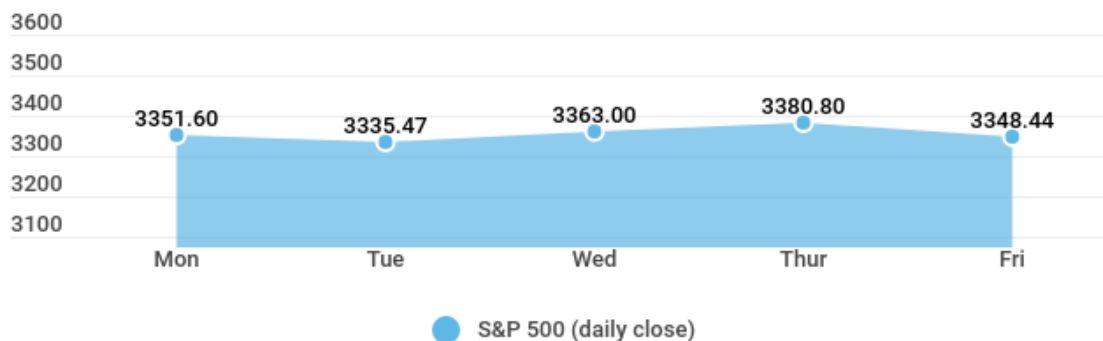



*"You never find yourself until you face the truth."*

PEARL BAILEY

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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.*

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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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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.

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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