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Weekly Economic Update

May 18, 2020

In this week's recap: Powell paints a somber picture for recovery, and the markets slip in reaction.

THE WEEK ON WALL STREET

Stocks drifted lower last week, weighed down by Federal Reserve Chairman Jerome Powell's unsettling comments on the economy and signs of renewed tensions with China.

The Dow Jones Industrial Average fell 2.65%, while the Standard & Poor's 500 retreated 2.26%. The Nasdaq Composite Index slipped 1.17% for the week. The MSCI EAFE Index, which tracks developed stock markets overseas, slid 3.66%.^{1,2,3}

STOCKS PULL BACK

Stocks moved lower throughout most of last week on worries that the emerging economic reopening might accelerate the spread of COVID-19. Comments by Fed Chair Powell added to the downside pressure when he expressed concern about the path ahead for the U.S. economy.

The stock market managed to find some firmer footing, posting a strong gain on Thursday. Stocks rallied again on Friday, overcoming headlines that suggested a souring relationship with China and a report that showed U.S. retail sales had dropped 16.4% in April.⁴

POWELL SPEAKS

Fed Chair Powell spoke last Wednesday and painted a somber economic outlook, remarking that "the path ahead is highly uncertain and subject to significant downside risks." He urged the White House and Congress to pass additional financial relief to help the economic recovery, adding that there was no plan on the Fed's part to cut the federal funds rate to below zero.⁵

Powell also referenced internal Fed research that found those least able to weather the current economic environment were most impacted, with nearly 40% of households making less than \$40,000 per year having lost a job in March.⁶

TIP OF THE WEEK



Have you had the same internet passwords for years? Change them! To keep accounts secure, try to change your passwords often, never share them or write them down, and make them difficult to figure out. Never use your birth or anniversary date as a password.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Housing Starts.

Wednesday: FOMC (Federal Open Market Committee) Minutes.

Thursday: Jobless Claims. Existing Home Sales. Index of Leading Economic Indicators.

Source: Econoday, May 15, 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: Baidu (BIDU).

Tuesday: Walmart (WMT), Home Depot (HD).

Wednesday: Kohls (KSS), Target (TGT), Lowes Cos. (LOW), Expedia Group (EXPE).

Thursday: Nvidia (NVDA), TJX Cos. (TJX), Ross Stores (ROST), Intuit (INTU).

Friday: Deere (DE), Alibaba Group (BABA), Pinduoduo (PDD).

Source: Zacks, May 15, 2020

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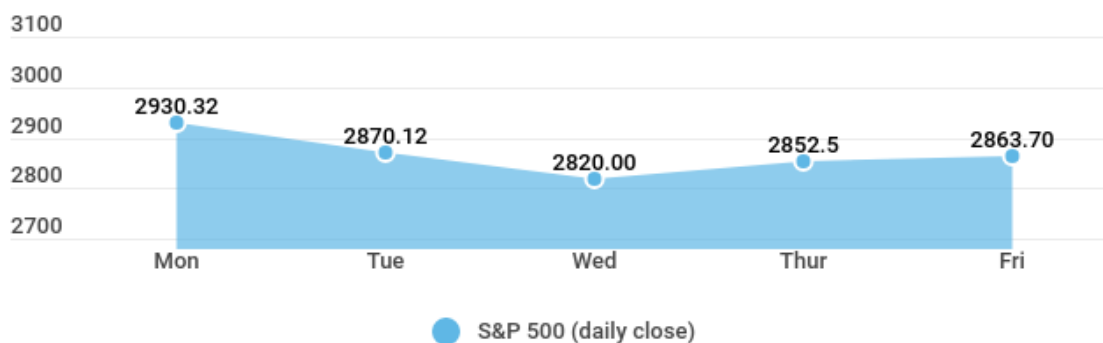
QUOTE OF THE WEEK




“It is characteristic of wisdom not to do desperate things.”

HENRY DAVID THOREAU

Market Index	Close	Week	Y-T-D
DJIA	23,685.42	-2.65%	-17.01%
NASDAQ	9,014.56	-1.17%	+0.47%
MSCI-EAFE	1,588.17	-3.66%	-22.03%
S&P 500	2,863.70	-2.26%	-11.36%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.64%	-0.05%	-1.28%

Sources: The Wall Street Journal, May 15, 2020; Treasury.gov, May 15, 2020

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, May 8 to the Friday, May 15 close. Weekly performance for the MSCI-EAFE is measured from the Friday, May 8 open to the Thursday May 14 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



It has keys that open no locks. Yet it lets you enter and create spaces. What is it?

LAST WEEK'S RIDDLE: You buy 10 shrubs. How can you plant them in five rows with four in each row?

ANSWER: Draw a 5-pointed star. Plant one tree at each point and one tree where the sides intersect.

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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CITATIONS:

- 1 – The Wall Street Journal, May 15, 2020
- 2 – The Wall Street Journal, May 15, 2020
- 3 – The Wall Street Journal, May 15, 2020
- 4 – CNBC.com, May 15, 2020
- 5 – The Wall Street Journal, May 13, 2020
- 6 – The Wall Street Journal, May 13, 2020

CHART CITATIONS:

- The Wall Street Journal, May 15, 2020
- The Wall Street Journal, May 15, 2020
- Treasury.gov, May 15, 2020