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Weekly Economic Update

June 1, 2020

In this week's recap: solid gains following a short trading week; economic reopening inspires optimism.

THE WEEK ON WALL STREET

The shortened week, which began with a powerful two-day rally of trading, was enough to drive the markets into another week of solid gains.

The Dow Jones Industrial Average rose 3.75%, while the Standard & Poor's 500 advanced 3.01%. The Nasdaq Composite Index climbed 1.77% for the week. The MSCI EAFE Index, which tracks developed stock markets overseas, gained 6.18%.¹⁻³

RISING OPTIMISM

Returning from Memorial Day weekend, stocks surged on rising optimism over economic reopening, declines in new infections, and progress in the development of a vaccine.

Stocks continued their march higher, lifted by signs that the White House and Congress may be working together to put together another stimulus package. But the momentum lost steam, in part due to news of China's vote to override Hong Kong's autonomy. Comments by President Trump on the last day of trading eased concerns.^{4,5}

ROTATION IN LEADERSHIP

The recovery from the March lows has been powered by large-cap growth stocks, especially the mega-cap technology names. However, this week saw new sectors leading the market higher, notably the financials and industrials, while the technology and health care sectors lagged.

This leadership rotation is being referred to by some market commentators as the “re-opening trade.” If these sectors are to remain leaders, it may hinge on a steady economic recovery and escaping a second wave of COVID-19 infections.

TIP OF THE WEEK



Spammers love to create emails that mimic ones from your bank or credit card issuer. How can you be safe? Never use a “click here to log in” link. Always go directly to the website address for your bank or credit card provider and log in there.

THE WEEK AHEAD: KEY ECONOMIC DATA

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

Wednesday: Automated Data Processing (ADP) Employment Report. PMI Services Index. ISM Non-Manufacturing Index.

Thursday: Jobless Claims.

Friday: Employment Situation Report.

Source: Econoday, May 29, 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: Dick’s Sporting Goods (DKS), Tiffany (TIF), Zoom Video (ZM), Crowdstrike (CRWD).

Wednesday: Cloudera (CLDR), Campbell Soup (CPB).

Thursday: Broadcom (AVGO), Docusign (DOCU), Slack Technologies (WORK).

Source: Zacks, May 29, 2020

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.

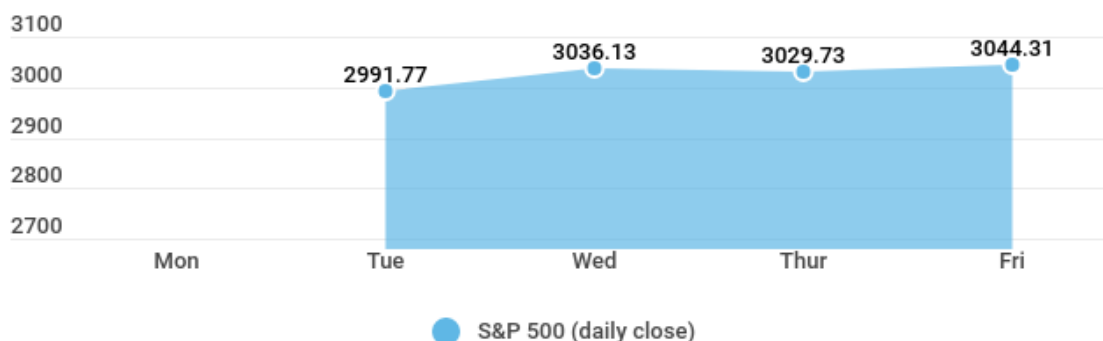
QUOTE OF THE WEEK



“Nothing can stop the man with the right mental attitude from achieving his goal; nothing on earth can help the man with the wrong mental attitude.”

THOMAS JEFFERSON

Market Index	Close	Week	Y-T-D
DJIA	25,383.11	+3.75%	-11.06%
NASDAQ	9,489.87	+1.77%	+5.76%
MSCI-EAFE	1,743.06	+6.18%	-14.43%
S&P 500	3,044.31	+3.01%	-5.77%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.65%	-0.01%	-1.27%

Sources: The Wall Street Journal, May 29, 2020; Treasury.gov, May 29, 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 22 to the Friday, May 29 close. Weekly performance for the MSCI-EAFE is measured from the Friday, May 22 open to the Thursday May 28 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



Can you name two English words (longer than two letters) that both begin and end with the letters “he” (in that order)?

LAST WEEK’S RIDDLE: What animal could become extinct worldwide, yet reappear about a year later?

ANSWER: A mule, the offspring of a male donkey and a female horse.

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 29, 2020
- 2 – The Wall Street Journal, May 29, 2020
- 3 – The Wall Street Journal, May 29, 2020
- 4 – CNBC.com, May 28, 2020
- 5 – FoxBusiness.com, May 29, 2020

CHART CITATIONS:

- The Wall Street Journal, May 29, 2020
- The Wall Street Journal, May 29, 2020
- Treasury.gov, May 29, 2020