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*In this week's recap: stocks see a mixed week, as COVID-19 cases rise, and news of vaccine emerges.*

# Weekly Economic Update

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*July 20, 2020*

## THE WEEK ON WALL STREET

Stocks were mixed last week as investors reacted to positive economic data, progress on a COVID-19 vaccine, and the continued nationwide increase of COVID-19 cases.

The Dow Jones Industrial Average gained 2.29%, while the Standard & Poor's 500 rose by 1.25%. But the Nasdaq Composite Index dropped 1.08% for the week. The mega-cap technology companies saw some profit-taking last week, sending the Nasdaq Composite to its first loss in three weeks. The MSCI EAFE Index, which tracks developed stock markets overseas, ended 2.19% higher.<sup>1,2,3</sup>

## STOCKS FIND A WAY HIGHER

After a Monday rally melted away on news that California was rolling back its reopening plans amid rising infections, a new earnings season began on a hopeful note. Stocks posted back-to-back daily gains on the strength of positive earnings surprises from a few money center banks and encouraging news about progress in the development of a COVID-19 vaccine.<sup>4</sup>

Despite a strong retail sales number, new jobless claims and rising U.S.-China tensions reminded investors that global economic recovery remains fragile, leading stocks to pare some of the week's earlier gains.<sup>5,6</sup>

## EARNINGS SEASON BEGINS

While investors long ago accepted the idea that this earnings season would be ugly, reflecting the impact of the economic shock due to COVID-19, it didn't mean that there weren't important insights to be gained from this quarter's earnings reports.

Three money center banks last week kicked off the earnings season, reporting substantial declines in profits and an additional cumulative \$28 billion set aside for loan-loss reserves.<sup>7</sup>

Banks are an important economic bellwether since they touch every part of the U.S. economy. Although their earnings were significantly lower, they actually beat consensus Wall Street estimates, which encouraged investors and set the stage for stocks to move higher. The story on this quarter's earnings season, however, is far from finished as investors await the stream of companies releasing their quarterly results in the days and weeks ahead.

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#### TIP OF THE WEEK



*If you're financing a new car, look for the best interest rate before setting foot in the dealership. It could be to your advantage to take a cash rebate and get a loan elsewhere.*

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#### THE WEEK AHEAD: KEY ECONOMIC DATA

**Wednesday:** Existing Home Sales.

**Thursday:** Index of Leading Economic Indicators. Jobless Claims.

**Friday:** New Home Sales.

Source: Econoday, July 17, 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:** Lockheed Martin (LMT), Snap (SNAP), Coca Cola (KO), Texas Instruments (TXN), Capital One Financial (COF).

**Wednesday:** Microsoft (MSFT), Tesla (TSLA), United Airlines (UAL).

**Thursday:** AT&T (T), Intel (INTC), Union Pacific (UNP).

**Friday:** Verizon (VZ), American Express (AXP).

Source: Zacks, July 17, 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

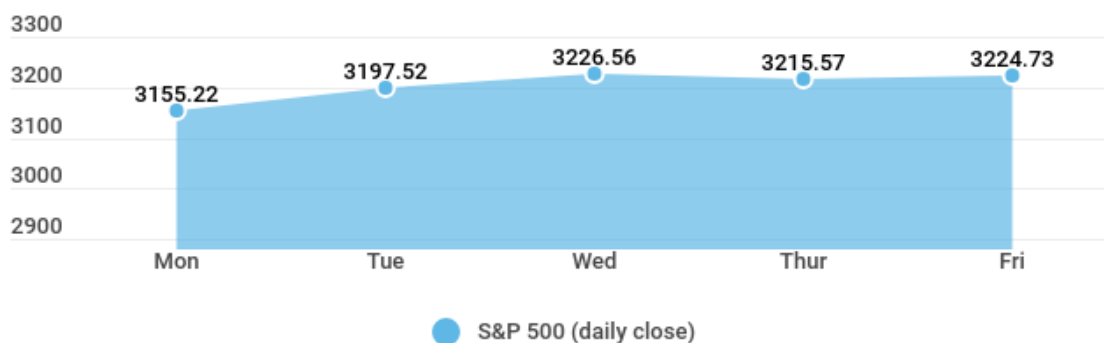



*“Learn to express rather than impress.”*

*JIM ROHN*

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Market Index	Close	Week	Y-T-D
DJIA	26,671.95	+2.29%	-6.54%
NASDAQ	10,503.19	-1.08%	+17.06%
MSCI-EAFE	1,852.55	+2.19%	-9.05%
S&P 500	3,224.73	+1.25%	-0.19%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.64%	-0.01%	-1.28%

Sources: The Wall Street Journal, July 17, 2020; Treasury.gov, July 17, 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, July 10, to Friday, July 17, close. Weekly performance for the MSCI-EAFE is measured from Friday, July 10, open to the Thursday, July 16, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## THE WEEKLY RIDDLE



*Is there a way that you can make the number seven even?*

*LAST WEEK'S RIDDLE: A parking lot has 1,000 parking spaces, 40% of them for compact cars. There are 200 compact cars and some standard-size cars in the lot, which is 75% full. How many standard-size cars are in the lot?*

*ANSWER:  $750 - 200 = 550$  standard-sized cars.*

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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.

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CITATIONS:

1. The Wall Street Journal, July 17, 2020
2. The Wall Street Journal, July 17, 2020
3. The Wall Street Journal, July 17, 2020
4. CNBC.com, July 14, 2020
5. WSJ.com, July 16, 2020
6. CNBC.com, July 16, 2020
7. The New York Times, July 15, 2020

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treasury.gov , July 17, 2020