



Basile Financial Group, Inc.

2454 N. McMullen Booth Rd., Ste 700

Clearwater, FL 33759

www.basilefinancial.com

727.465.8880

In this week's recap: stocks slip after heavier jobless claims and U.S.-China strife.

Weekly Economic Update

July 27, 2020

THE WEEK ON WALL STREET

Stocks slipped in the final days of trading last week on higher jobless claims and rising tensions in the U.S.-China relationship.

The Dow Jones Industrial Average lost 0.76%, while the Standard & Poor's 500 dipped 0.28%. The Nasdaq Composite Index dropped 1.33% for the week. The MSCI EAFE Index, which tracks developed stock markets overseas, rose 1.24%.^{1,2,3}

STOCKS LOSE MOMENTUM

Stocks marched higher to begin the week on progress with a COVID-19 vaccine and a string of upbeat corporate quarterly reports. Firming oil prices and the passage of a fiscal stimulus bill by the European Union also helped buoy investors' spirits.

Market sentiment, however, turned negative after Thursday morning's report of an uptick in new unemployment claims, which suggested a possible slowdown in hiring. The market was led lower by the technology sector ahead of quarterly reports from some of the sector's biggest names.⁴

U.S.-CHINA TENSIONS ESCALATE

Tensions escalated last week as the U.S. ordered China to close its consulate in Houston, which the White House claimed was stealing American information. A day earlier, the U.S. had accused China of attempting to steal COVID-19 research data. China responded by ordering the U.S. to close its consulate in the city of Chengdu.^{5,6}

The markets appear more focused on the apparent deteriorating relations between the two nations, worried about a repeat of the trade battle in 2018. Whether the rancor is managed is likely to remain a top concern for investors in the weeks ahead.

FINAL THOUGHTS

The mega-cap technology companies' market dominance is a concern to some. Last week it was reported that six of these mega-cap stocks represent 41% of the Nasdaq market capitalization. Five mega-cap names included in the S&P 500 Index account for 22% of that index's market capitalization.⁷

Investors have embraced these firms because they appear to be able to show solid financial performance in the midst of an economy coping with COVID-19.

TIP OF THE WEEK



Periodically review and/or rebalance your portfolio, to see that your investments are in sync with your objectives.

THE WEEK AHEAD: KEY ECONOMIC DATA

Monday: Durable Goods Orders.

Wednesday: Federal Open Market Committee (FOMC) Meeting Announcement.

Thursday: Gross Domestic Product (GDP), Jobless Claims.

Friday: Consumer Sentiment.

Source: Econoday, July 24, 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: Advanced Micro Devices (AMD), Visa (V), Pfizer (PFE), McDonalds (MCD), 3M Company (MMM), eBay (EBAY), D.R. Horton (DHI).

Wednesday: Facebook (FB), Boeing (BA), Qualcomm (QCOM), PayPal (PYPL), General Motors (GM), Shopify (SHOP), Teladoc Health (TDOC).

Thursday: Apple (AAPL), Ford (F), Alphabet (GOOGL), Mastercard (MA), Procter & Gamble (PG), Eli Lilly (LLY), United Parcel Service (UPS).

Friday: AbbVie (ABBV), Exxon Mobil (XOM), Caterpillar (CAT), Merck (MRK), Chevron (CVX).

Source: Zacks, July 24, 2020

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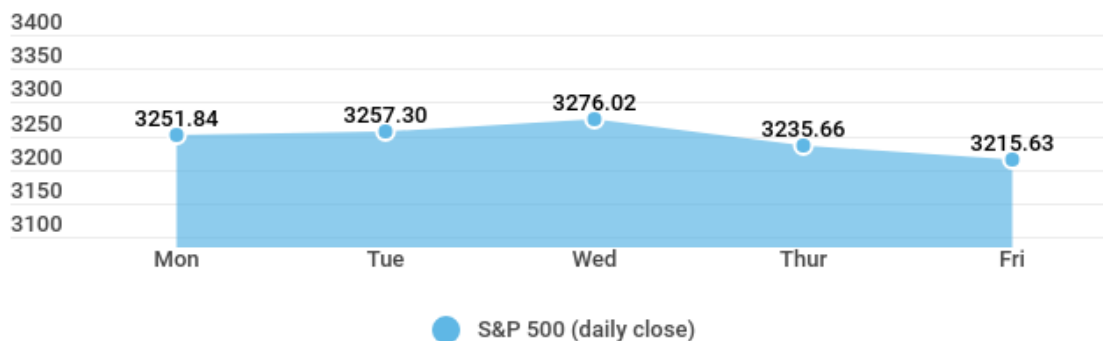
QUOTE OF THE WEEK




“Imagination is the eye of the soul.”

JOSEPH JOUBERT

Market Index	Close	Week	Y-T-D
DJIA	26,469.89	-0.76%	-7.25%
NASDAQ	10,363.18	-1.33%	+15.50%
MSCI-EAFE	1,875.42	+1.24%	-7.93%
S&P 500	3,215.63	-0.28%	-0.47%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.59%	-0.05%	-1.33%

Sources: The Wall Street Journal, July 24, 2020; Treasury.gov, July 24, 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 17, to Friday, July 24, close. Weekly performance for the MSCI-EAFE is measured from Friday, July 17, open to the Thursday, July 23, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



*How many 9s are in the range of numbers from 1 to 100?
(Remember, the number 99 has two 9s in it.)*

LAST WEEK'S RIDDLE: Is there a way that you can make the number seven even?

ANSWER: Take away the S, and seven becomes even.

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, July 24, 2020
2. The Wall Street Journal, July 24, 2020
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4. NYTimes.com, July 23, 2020
5. CBSnews.com, July 22, 2020
6. APNews.com, July 24, 2020
7. CNBC, July 22, 2020

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treasury.gov, July 24, 2020