



A second straight week of declines in the markets due to tech stocks and Covid concerns have investors jittery. The S&P 500 fell 0.64% for the week yet remains up 2.74% for the year¹. We could see more volatility for the next few weeks as the election heats up. One item to keep in mind (please don't read any politicizing in this, I am not in any way expressing a preference for the outcome) is taxes. The concern I have regarding potential higher taxes is a comment by one party to increase the capital gains/dividends tax rate. As many

investors are in the 15% tax bracket for gains, an assumed increase in 2021 in this rate may cause a rush to take profits in 2020 at the lower tax rate. As we have often seen, when investors rush to sell, markets may be driven lower. As you review your investments over the next few months (and review you should), keep that in mind and determine if any adjustments should be considered to hedge market decline.

At present, I am talking with 6-9 clients daily, some in-person but most via phone, to discuss year-end and suggested changes to portfolios (one reason was noted above). That caused me to miss last week's Economic Update and almost this week's also, but I felt it important to report and keep in-touch. Please do take some time and discuss with your advisor what, if any, adjustments should be considered for year-end. While you are not required to take an RMD from your IRA's and Inherited IRA's this year, perhaps a call your tax advisor may uncover a reason to do so anyway. We have a few short months to prepare for tax season 2021 and now is the time to address any strategies that may be needed. While 2020 has been the most trying year most of us have ever seen, please keep in mind there is normalcy returning (the Lions continue to find a way to lose). Take care and stay healthy. If you have any questions or concerns, please give me a call or visit <https://go.oncehub.com/ChuckVercellone> to setup a time to talk.

----Chuck

This Week's Inspiration/Activity:

"You are never too old to set another goal or dream a new dream."

Author and Scholar, C.S. Lewis

Your action for this week is to take time to remember a dream you may have had in your youth and see if you can do something towards achieving it.

This Week in History

The Judiciary Act of 1789 is passed by Congress and signed by President George Washington, establishing the Supreme Court. John Jay was proposed as chief justice, and John Rutledge, William Cushing, John Blair, Robert Harrison and James Wilson to be associate justices.

¹ See update below

² <https://www.history.com/this-day-in-history/the-first-supreme-court>

In this week's recap: The tech sector slip continues for stocks; the Federal Reserve signals that interest rates will not be increased for some time.

Weekly Economic Update

Presented by Charles D. Vercellone, ChFC, September 21, 2020

THE WEEK ON WALL STREET

Stocks slipped as the technology sector remained under pressure and a mid-week announcement by the Federal Reserve failed to inspire investors.

The Dow Jones Industrial Average declined 0.03%, while the Standard & Poor's 500 fell 0.64%. The Nasdaq Composite index dropped 0.56% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, rose 0.75%.^{1,2,3}

TECHNOLOGY PULLS STOCKS LOWER

As has been the case in recent weeks, technology stocks led the market higher, then lower in an otherwise turbulent week of trading.

Merger and acquisition activity announced at the start of the week generated a rush back into technology stocks, sparking a rebound from the previous week's drop. Stocks continued to advance until Wednesday, when investors began to digest comments from the Fed's Federal Open Market Committee meeting. The Fed delivered a message that coupled assurances of continued low rates with concerns about the health of the economic recovery.⁴

THE FED STAYS THE COURSE

In the last Federal Open Market Committee (FOMC) meeting before the November election, the Fed signaled that interest rates would not be increased "until labor market conditions have reached levels consistent with the committee's assessments of maximum employment and inflation has risen to 2% and is on track to moderately exceed 2% for some time."⁴

Most Fed officials do not see this happening until 2023.

While the Fed maintained its view on the importance of fiscal stimulus to help American workers and businesses, it did improve its outlook for unemployment in its latest economic outlook. The Fed now expects unemployment would average around 7-8% in the final three months of the year, down from its June prediction of around 9-10%.⁵

TIP OF THE WEEK



Always explore the alternatives before you make a big-ticket purchase. A few minutes of online searching may bring you exactly what you want (or close) at considerable savings.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Existing Home Sales.

Thursday: Jobless Claims. New Home Sales.

Friday: Durable Goods Orders.

Source: Econoday, September 18, 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: Nike (NKE), Autozone (AZO), Fedex (FDX).

Wednesday: General Mills (GIS).

Thursday: Costco Wholesale (COST), Darden Restaurants (DRI), Carnival Corp. (CCL).

Source: Zacks, September 18, 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.

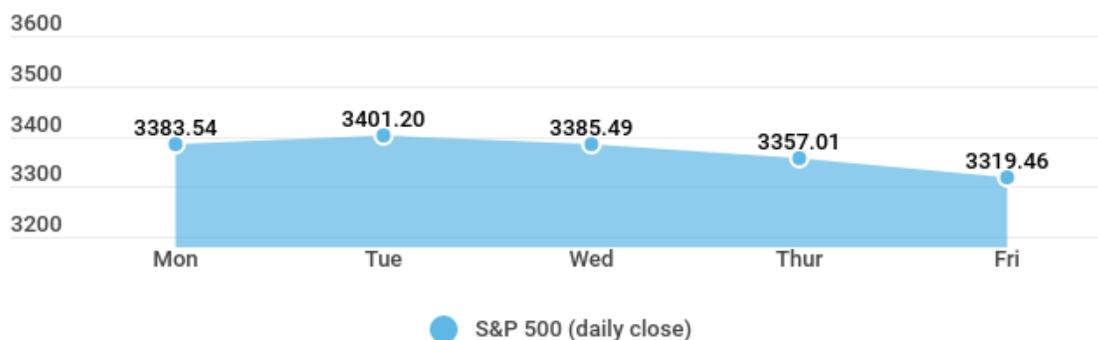
QUOTE OF THE WEEK



“Simplicity is the ultimate sophistication.”

LEONARDO DA VINCI

| Market Index | Close | Week | Y-T-D |
|--------------|-----------|--------|---------|
| DJIA | 27,657.42 | -0.03% | -3.09% |
| NASDAQ | 10,793.28 | -0.56% | +20.29% |
| MSCI-EAFE | 1,911.18 | +0.75% | -6.17% |
| S&P 500 | 3,319.46 | -0.64% | +2.74% |



| | Treasury | Close | Week | Y-T-D |
|---|--------------|-------|--------|--------|
|  | 10-Year Note | 0.70% | +0.03% | -1.22% |

Sources: The Wall Street Journal, September 18, 2020; Treasury.gov, September 18, 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 11, to Friday, September 18, close. Weekly performance for the MSCI-EAFE is measured from Friday, September 11, open to the Thursday, September 17, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



A family has a mother, father, and four daughters. Each daughter has one brother. How many people are in the family?

LAST WEEK'S RIDDLE: A plastic bottle filled with cola weighs one liter. What do you need to add to it to make it weigh less than two ounces?

ANSWER: Add a hole to it.

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 forecasts or forward-looking statements are based on assumptions, may not materialize, and are subject to revision without notice.

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, September 18, 2020
2. The Wall Street Journal, September 18, 2020
3. The Wall Street Journal, September 18, 2020
4. The Wall Street Journal, September 16, 2020
5. The Wall Street Journal, September 16, 2020

CHART CITATIONS:

The Wall Street Journal, September 18, 2020
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