



# INCISIVE INVESTOR

Randall Fielder, President & CEO

1400 Broadfield Blvd. Suite 200

Houston, TX 77084

713-955-3555

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## WEEK IN REVIEW

# STOCKS FALL BUT END OFF SESSION LOWS



Stocks finished with losses but off session lows in choppy trade on Wall Street on Friday. Some previously unloved sectors found support as technology and other highflying segments felt the pressure of continued profit-taking.

U.S. markets on Monday will be closed in observance of Labor Day, a factor that might have added to market volatility by sapping volume in the run-up to the long holiday weekend.

The Dow Jones Industrial Average DJIA closed 159.42 points lower, down 0.6%, at 28133.31, after falling 628 points at its session low. The blue-chip gauge bounced in the final hour of trading, briefly pushing back into positive territory before falling back. The S&P 500 index SPX dropped 28.10

points, or 0.8%, to finish at 3,426.96, while the Nasdaq Composite Index COMP declined 144.97 points, or 1.3%, to end at 11,313.13. The tech-heavy Nasdaq saw a 3.3% weekly decline, its largest since March, while the Dow fell 1.8% and the S&P 500 lost 2.3%.

On Thursday, the Dow ended with a loss of 807.77 points, or 2.8%, at 28,292.73, after dropping more than 1,000 points at its session low. The S&P 500 closed 125.78 points lower, down 3.5%, at 3,455.06. The Nasdaq Composite tumbled 598.34 points, or 5%, to end at 11,458.10. The declines marked the biggest one-day drops for all three indexes since June.



[info@park10financial.com](mailto:info@park10financial.com)

[www.park10financial.com](http://www.park10financial.com)



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## US recovering from pandemic-related job losses



The US economy added 1.37 million jobs in August. Even though this is in line with expectations, the unemployment rate fell sharply to 8.4% from 10.2% in July. About 240,000 of those hired were temporary workers engaged to conduct the decennial US census. Since the coronavirus pandemic took hold in March, the economy has regained roughly 11 million of the more than 22 million jobs lost. The pace of recovery slowed a bit last month but is ahead of the tempo most economists anticipated at the height of the crisis.

## US presidential polls tighten

Now that the party conventions have occurred

and Labor Day approaches, the focus on the US presidential election has intensified. National polls have slightly tightened, while those in the "battleground" states have narrowed more significantly. According to the Real Clear Politics average, as of September 4th, former Vice President Joe Biden leads President Donald Trump by 7.2% nationally. This percentage is down from 9.3% in late July, and by 3.3% in the swing states which is down from July's 6.3%. The betting odds, however, show the candidates tied. Remarkably, Biden's standing versus Trump in early September polls is almost identical to that of former Secretary of State Hillary Clinton's at this point in 2016, when she headed the Democratic ticket.

## Global PMIs recovering

J.P. Morgan's global composite purchasing managers' index continues to recover from the shock of the pandemic, but the pace of improvement in the global manufacturing sector is faster than in the larger services component. This makes sense given that many regions still have significant restrictions in place to limit the spread of COVID-19, which constrains service businesses such as restaurants, theaters, and airlines. J.P. Morgan data showed that emerging markets returned to growth in August, led by Brazil and India. In the United States, the ISM manufacturing index rose to 56 from 54.2 while the nonmanufacturing index dipped to 56.9 from 58.1.

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## HEADLINERS

Modest additional coronavirus relief funding in the US is expected to be folded into a temporary funding measure as the government's fiscal year draws to a close on September 31st. Speaker of the House of Representatives Nancy Pelosi and Secretary of the Treasury Steven Mnuchin reached an informal agreement this week to avoid a government shutdown.

This week, US Food and Drug Administration Commissioner Stephen Hahn stated that the FDA is willing to grant emergency-use authorization for a coronavirus vaccine before phase 3 trials are

complete as long as the benefits outweigh the risks.

US Federal Reserve Vice Chair Richard Clarida said this week that the use of yield curve caps remains an option for the central bank.

The S&P 500 Index posted its best August since 1986 last month after it gained 7%. Historically, September is the worst month of the year for stocks. Since 1950, the S&P has dropped an average of around 1% in September, according to LPL Financial.



## MAJOR STOCK MOVES

Apple Inc. AAPL shares reversed earlier losses to end with a gain of 0.1%, after an 8% tumble for the company's worst day since March 16, when shares plunged 12.9%.

Athletic-apparel company Under Armour Inc. UA UAA, said Friday it will close all of its UA

Brand House and UA Factory House retail locations in the U.S. for Thanksgiving on Nov. 26., as a way to thank workers for their efforts during the pandemic.

Shares of Tesla Inc. TSLA erased an early decline, rising 2.8% to allow the electric-vehicle maker to avoid a fourth straight decline.



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-Randall Fielder  
(713-955-3555, [randall@park10financial.com](mailto:randall@park10financial.com))