
Stocks Stall as Recovery Continues

Weekly Update – September 8, 2020

The Week on Wall Street

A late week sell-off sent stocks broadly lower as investors took some profits after stocks reached all-time highs earlier in the week.

The Dow Jones Industrial Average slid 1.82%, while the Standard & Poor's 500 slumped 2.31%. The Nasdaq Composite index dropped 3.27% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, fell 0.62%.^{1,2,3}

Gravity Reasserts Itself

Stocks hit a wall late last week as the technology companies, which had led the market higher, slipped in Thursday and Friday trading, dragging down the overall market.

The week began on an upbeat note as August momentum continued into the start of September. While participation in the rally on Tuesday and Wednesday was fairly broad, technology stocks continued to be the focus of market strength. But that sentiment changed quickly on Thursday.

With little warning and no obvious catalyst, it remains unclear whether the technology selloff last week was the result of market technicals or a fundamental change in investor outlook. The coming weeks may provide some clarity in this regard.

Labor Market Recovery Sputters Forward

Last week saw a series of employment-related reports that evidenced a continued labor market recovery.

The Automated Data Processing (ADP) employment survey showed that private payrolls increased by 428,000 in August, falling short of consensus expectations of over 1.1 million. News turned more positive as new jobless claims checked in at 881,000—an improvement from the over one million new claims the prior week. Americans receiving unemployment declined by 1.24 million to 13.3 million—half the peak number in May.^{4,5,6}

Finally, the monthly jobs report indicated that nearly 1.4 million nonfarm jobs were added last month, with the unemployment rate declining to 8.4%. The progress was predominantly attributable to government hiring, primarily of new Census workers, though the retail, leisure, and hospitality sectors saw gains in new hiring.⁷

THIS WEEK: KEY ECONOMIC DATA

Wednesday: Job Openings and Turnover Survey (JOLTS).

Thursday: Jobless Claims.

Friday: Consumer Price Index (CPI).

Source: Econoday, September 4, 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.

THIS WEEK: COMPANIES REPORTING EARNINGS

Tuesday: Lululemon (LULU), Coupa Software (COUP), Slack Technologies (WORK)

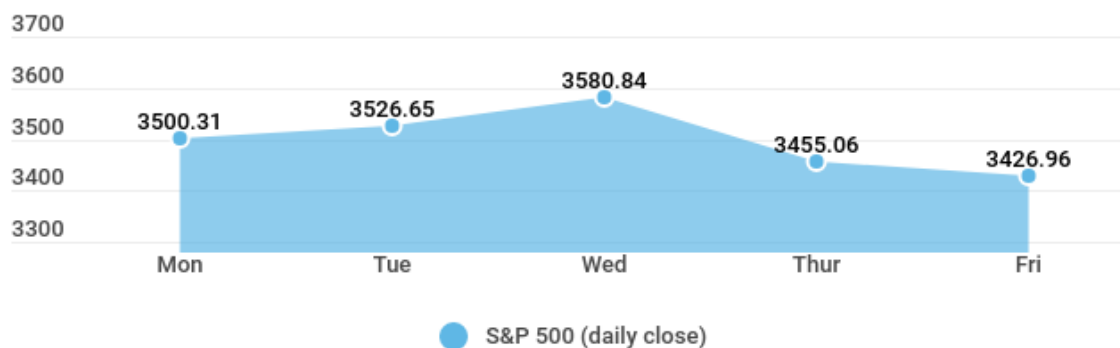
Thursday: Chewy (CHWY), Peloton (PTON)


Friday: Kroger (KR)

Source: Zacks, September 4, 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.

Market Index	Close	Week	Y-T-D
DJIA	28,133.31	-1.82%	-1.42%
NASDAQ	11,313.13	-3.27%	+26.09%
MSCI-EAFE	1,899.02	-0.62%	-6.77%
S&P 500	3,426.96	-2.31%	+6.07%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.63%	-0.11%	-1.29%

Sources: The Wall Street Journal, September 4, 2020; Treasury.gov, September 4, 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, August 28, to Friday, September 4, close. Weekly performance for the MSCI-EAFE is measured from Friday, August 28, open to the Thursday, September 3, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

QUOTE OF THE WEEK



“Without labor, nothing prospers.”

– Aristotle



Creamy Pasta Salad With Shrimp



5 servings

Ingredients:

For the Dressing:

- ¼ cup Greek yogurt
- ¼ cup chicken broth
- 2 tablespoons lemon juice
- 1 tablespoon Dijon mustard
- 2 ¼ tablespoons minced garlic
- Pepper

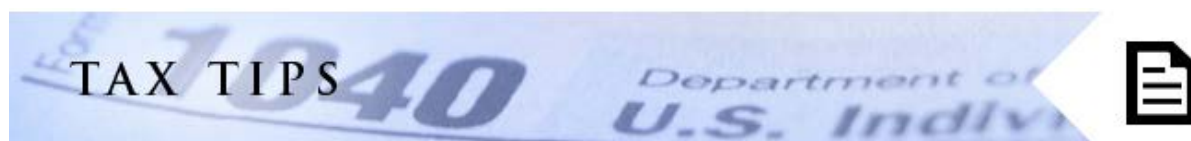
For the Pasta:

- 10 oz penne pasta
- Approx. 40 medium shrimp
- 2 tablespoons olive oil
- Salt
- Pepper
- ½ cup scallions, chopped
- 1 teaspoon kosher salt
- ½ cup shredded Cheddar cheese
- ½ thinly-sliced lemon

Directions:

1. Whisk the ingredients for the dressing together in a bowl until smooth.
2. Boil the pasta until tender yet firm to the bite, about 8 minutes.
3. Preheat the oven to 450 degrees. When warm, toss the shrimp in 2 tablespoons of olive oil, season with salt and pepper, and bake in a glass baking dish for about 10-12 minutes or until bright pink and cooked through.
4. Toss the pasta with the dressing in a bowl. Add the shrimp and scallions and season with salt and pepper.
5. Refrigerate and garnish with the Cheddar cheese and lemons when serving.

Recipe adapted from Allrecipes⁸



Treasury Bonds vs. Municipal Bonds

Treasury bills, notes, and bonds may be exempt from state and local taxes, but they are fully taxable on the federal level.

Municipal bonds, on the other hand, are exempt from federal income tax. Municipal bonds also may be exempt of state and local income taxes for investors who live in the area where the bond was issued. However, if a bondholder purchases a municipal bond mutual fund that invests in bonds issued by other states, the bondholder may have to pay income taxes.

* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional. Mutual funds are sold only by prospectus. Please consider the charges, risks, expenses and investment objectives carefully before investing. *A prospectus containing this and other information about the investment company can be obtained from your financial professional. Read it carefully before you invest or send money.*

Tip adapted from IRS.gov⁹



What is Penetrating Ball Flight?

A well-hit shot with a low trajectory is a “penetrating” ball flight, meaning that it is both accurate and achieves maximum distance. A penetrating shot is great for hitting into the wind because you don’t risk the wind knocking down a shot that has a higher trajectory.

In order to achieve this penetrating ball flight, follow these tips:

- Tee the ball higher if you want to hit it low. The sweet spot on your club face is likely higher, therefore a lower tee will make a penetrating ball flight harder to achieve.
- Tighten your right hand (for right-handed golfers) to give yourself more control
- Focus on your backswing and keep your swing path shallow.

A penetrating ball flight is a great shot for some situations on the course and is a good strategy to add to your repertoire!

Tip adapted from Golf Week¹⁰



A Relaxing Breathing Exercise

Sit back and relax as you say goodbye to summer and hello to a new season. This breathing exercise will help you relax and rejuvenate yourself for everything that’s to come.

The foundation for nearly all breathing exercises is “belly breathing.” To get started, sit or lie down in a comfortable position and put one hand on your abdomen, just below your ribs. Put the other hand on your chest. Then, take a deep breath in through your nose and let your belly push your hand out. Next, breathe out through your mouth and feel the hand on your belly go down. The hand on your chest shouldn’t move. Do this slowly 5 times, taking your time with each breath.

Once you master belly breathing, you can try more relaxed breathing drills.

Tip adapted from University of Michigan Medical School¹¹



3 Tips to Minimize Food Waste

- **Shop Wisely** - Go into the grocery store prepared with a list of everything you need. This will help you avoid buying items impulsively or buying things that you might not make in time.
- **Buy Imperfect Produce** - Groceries stores usually have very strict standards on the produce they select, but many of these standards are just cosmetic. Foods that don't meet the criteria are often thrown away. Save this perfectly good produce by shopping at local farmers markets or other shops that don't care about a few little bumps and bruises.
- **Mine Your Fridge** - Before buying more food that might go to waste, consider what you already have and how it can be used. When planning your meals for the week, incorporate these items.

Tip adapted from EarthShare.org¹²

Share the Wealth of Knowledge!

Please share this market update with family, friends, or colleagues.

If you would like us to add them to our list,

you can have them check-out our web-site (<http://thebacagroup.com>)

We love being introduced!

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The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The DJIA was invented by Charles Dow back in 1896.

The 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 stocks of technology companies and growth companies.

The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) that serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indices from Europe, Australia, and Southeast Asia.

The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

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You cannot invest directly in an index.

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¹ The Wall Street Journal, September 4, 2020

² The Wall Street Journal, September 4, 2020

³ The Wall Street Journal, September 4, 2020

⁴ CNBC, September 2, 2020

⁵ CNBC, September 3, 2020

⁶ CNBC, September 3, 2020

⁷ CNBC, September 4, 2020

⁸ Allrecipes.com, September 4, 2020

⁹ IRS.gov, June 25, 2020

¹⁰ Golfweek.com, September 4, 2020

¹¹ UofMhealth.org, September 4, 2020

¹² EarthShare.org, September 4, 2020