



WEEKLY ECONOMIC UPDATE

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The Week on Wall Street

The fourth quarter started with a mixed week for equities. A slip for an index of U.S. manufacturing activity proved to be a market mover, more so than the latest jobs report.

The Dow Jones Industrial Average lost 0.92% for the week; the S&P 500, 0.33%. In contrast, the Nasdaq Composite improved 0.54%. Overseas stocks pulled back: the MSCI EAFE index dipped 2.60%.

Weekly Tip

If you are nearing retirement age, ask your employer if it allows phased retirements. More companies are offering this option, which gives a worker the flexibility to shift from full-time to part-time hours on the way to retiring.

Weekly Quote

“When anger rises, think of the consequences.”

-KONG QUI
(CONFUCIUS)

Weekly Riddle

Tamara donated \$1 million to a charity. After she donated all that money, she was a millionaire. Can you explain this?

LAST WEEK'S

RIDDLE: Which is heavier, a pound of lead or a pound of silver?

ANSWER: Neither; they both weigh one pound.



LOWEST UNEMPLOYMENT RATE IN 50 YEARS

The Department of Labor said that employers added 136,000 net new workers in September. Unemployment was at 3.5%, a level last seen in December 1969. The U-6 jobless rate, which counts both the unemployed and underemployed, fell to a 19-year low of 6.9%.

Monthly job creation has averaged 161,000 so far in 2019, down from 223,000 in 2018. This may reflect the challenge companies face trying to fill job openings in an economy with so little unemployment. Annualized wage growth fell to 2.9% in September, the smallest yearly advance recorded since July 2018.

Market Index	Close	Week	Y-T-D
DJIA	26,573.72	-0.92%	+13.92%
NASDAQ	7,982.47	+0.54%	+20.30%
MSCI-EAFE	1,846.42	-2.60%	+7.36%
S&P 500	2,952.01	-0.33%	+17.76%



Treasury	Close	Week	Y-T-D
10-Year Note	1.52%	-0.17%	-1.17%

Sources: The Wall Street Journal, October 4, 2019; Treasury.gov, October 4, 2019
 The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite is measured from the close of trading on Friday, September 27 to the Friday, October 4 close. Weekly performance for the MSCI-EAFE is measured from the Friday, September 27 open to the Thursday, October 3 close. 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. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points. 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.

ATTENTION ON MANUFACTURING

The Institute for Supply Management's Manufacturing Purchasing Managers Index fell to 47.8 in September, its lowest level in ten years. Traders worried that the number reflected weakening business confidence. ISM's latest Non-Manufacturing PMI also declined, but the 52.6 reading indicated growth in the service sector last month.

ISM does state that when a PMI is above 43.2, the overall economy is typically still expanding, even if a specific sector is not. Another widely watched Factory PMI, maintained by IHS Markit, rose to a five-month peak of 51.1 in September; a number above 50 indicates factory output is increasing.



WHAT'S NEXT

Trade representatives from the U.S. and China return to the negotiating table on Thursday; their meeting is scheduled to conclude on Friday. Any news stemming from their talks could quickly affect equity markets here and abroad.

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