

In this week's recap: a strong month for equities ends with the renewed possibility of a U.S.-China trade pact.

Weekly Economic Update

Presented by Fulcrum Financial Group, July 1, 2019

THE WEEK ON WALL STREET

A month of gains for stocks ended with a weekly retreat. The S&P 500 lost 0.30%; the Nasdaq Composite, 0.32%; the Dow Jones Industrial Average, 0.45%. In contrast, overseas shares, tracked by the MSCI EAFE index, advanced 0.14%.¹⁻²

Last month was the best June for the blue chips since 1938, the best month for the S&P since 1955. The Dow gained 6.9% in June; the S&P, 6.2%.³

TRADE TALKS COULD SOON RESTART

All week, investors had one eye on Saturday's Group of 20 summit in Japan, where President Trump and Chinese President Xi Jinping were slated to meet. This weekend, President Trump announced that he and President Xi had agreed to a resumption of trade talks between the U.S. and China. As part of that agreement, the U.S. is holding off on placing tariffs on an additional \$300 billion of Chinese goods.⁴

While trade tensions certainly remain between both countries, the news that formal discussions could resume may renew investor optimism about progress toward a trade pact.

POWELL CAUTIONS AGAINST ADJUSTING RATES TOO QUICKLY

In the meantime, Federal Reserve Chairman Jerome Powell attracted attention with new remarks on monetary policy. Powell stated last week that the Fed officials were "mindful that monetary policy should not overreact to any individual data point or short-term swing in sentiment."⁵

While many traders think the central bank will lower the benchmark interest rate at its July meeting, Powell noted that there was not yet consensus for a cut among Fed policymakers.⁵

WHAT'S AHEAD

This will be a holiday-shortened trading week. The New York Stock Exchange will close early Wednesday, and all U.S. financial markets will close Thursday for the July 4 holiday. Markets reopen on Friday.

TIP OF THE WEEK



*Your home insurance policy should include a **code rider**. This provision stipulates that your insurer will cover **the costs of bringing your home back up to code** during a rebuild. If your home is decades old, some of the wiring, roofing, and plumbing may need upgrades to meet current standards.*

THE WEEK AHEAD: KEY ECONOMIC DATA

Monday: The Institute for Supply Management's latest Purchasing Manager Index for the factory sector, considered the main barometer of the state of U.S. manufacturing.

Wednesday: Payroll giant ADP's private-sector employment report for June.

Friday: The June jobs report from the Department of Labor.

Source: Econoday / MarketWatch Calendar, June 28, 2019

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 release of data may be delayed without notice for a variety of reasons.

THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

No major earnings reports are scheduled for this week.

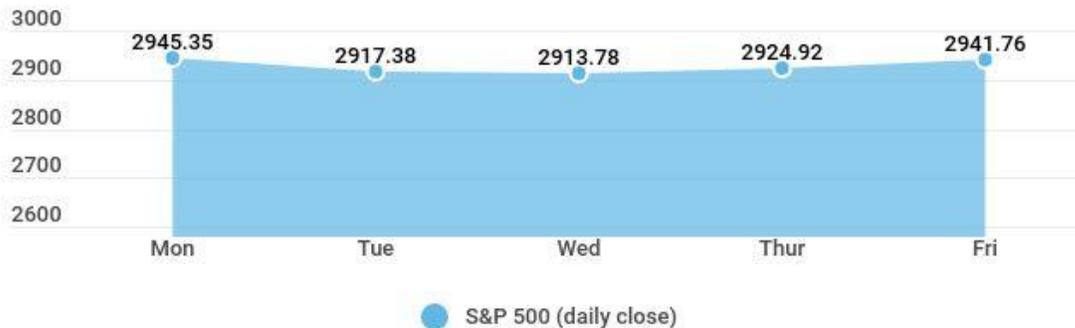
QUOTE OF THE WEEK



“The longer I live, the more beautiful life becomes.”

FRANK LLOYD WRIGHT

Market Index	Close	Week	Y-T-D
DJIA	26,599.96	-0.45%	+14.03%
NASDAQ	8,006.24	-0.32%	+20.66%
MSCI-EAFE	1,913.83	+0.14%	+11.28%
S&P 500	2,941.76	-0.30%	+17.35%



	Treasury	Close	Week	Y-T-D
	10-Year Note	2.00%	-0.07%	-0.69%

Sources: The Wall Street Journal, June 28, 2019, Treasury.gov, June 28, 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, June 21 to the Friday, June 28 close. Weekly performance for the MSCI-EAFE is measured from the Friday, June 21 open to the Thursday, June 27 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.

THE WEEKLY RIDDLE



What is the ***difference*** between a ***schoolboy*** studying and a ***farmer*** watching his cattle?

LAST WEEK'S RIDDLE: A horse was tied to a rope 5 meters long, and the horse's food was 15 meters away. How did the horse reach the food?

ANSWER: The rope isn't tied to anything besides the horse, allowing the horse to roam freely.

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