



It was a good week for the markets as they ignored the impasse in congress on additional Covid stimulus, sending the S&P 500 up 2.45%¹. The markets also opened higher today on news of an extension in benefits while congress continues their negotiations². The jobs report came in last week surprising analysts with a better-than-expected report³. The question is "How much hiring was done due to

recovery and how much due to the expected loss of the additional \$600/week unemployment benefit?" We've recovered some 43% of job losses from the shutdown but they are not an across-the-board recovery. Most of the job gains have come from retail, construction, restaurants, and health care⁴. In other news, Rocket Companies (Rocket Mortgage/Quicken Loans) went public generating interest in the Detroit-based mortgage giant.

A dark week for sports. The MAC declared no college football last week prior to weekend meetings by the power 5 conferences. Is that the first shoe to drop? Speculation is the Big10 and others will be soon following suit and cancelling or postponing fall sports.
----Chuck

This Week's Inspiration/Activity:

"A goal should scare you a little and excite you a lot."

Author, Joe Vitale

Your action for this week is to review your financial and retirement goals. Have you considered everything you would like to see accomplished?

This Week in History

August 10, 1793 -- After more than two centuries as a royal palace, the Louvre is opened as a public museum in Paris by the French revolutionary government.⁵

¹ See update below

² <https://www.reuters.com/article/us-usa-stocks/wall-street-edges-up-as-trump-signs-virus-relief-orders-more-stimulus-in-focus-idUSKCN256141>

³ <https://www.marketwatch.com/story/jobless-claims-fall-almost-250000-to-119-million-to-mark-new-pandemic-low-2020-08-06?mod=economic-report>

⁴ <https://www.marketwatch.com/story/restaurants-and-retailers-have-regained-the-most-jobs-since-the-coronavirus-crisis-but-theres-a-catch-2020-08-07?mod=economic-report>

⁵ <https://www.history.com/this-day-in-history/louvre-museum-opens>

In this week's recap: Stocks rise as earnings season winds to an end; no results in fiscal stimulus talks.

Weekly Economic Update

Presented by Charles D. Vercellone, ChFC, August 10, 2020

THE WEEK ON WALL STREET

Overlooking stalled efforts by Congress to pass a new fiscal stimulus bill, stocks marched higher last week with the Dow Jones Industrials leading the way and the NASDAQ Composite setting multiple fresh record highs.

The Dow Jones Industrial Average gained 3.80%, while the Standard & Poor's 500 rose by 2.45%. The Nasdaq Composite index climbed 2.47% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, advanced 2.31%.¹⁻³

EARNINGS SEASON WINDS DOWN

A string of encouraging news reports, including a decline in new COVID-19 cases nationwide, pushed stock prices higher throughout the week. Stocks also rallied on signs of a pick-up in manufacturing activity, factory orders that came in well above estimates, and a better-than-expected new jobless claims number.^{4,5}

Congress wasn't able to come to an agreement on a stimulus package, which disappointed some investors. But it wasn't enough to slow the daily climb in the equity markets, with the NASDAQ Composite index closing above 11,000 for the first time, while the S&P 500 index closed in on its record high set in February of this year.⁶

Stocks drifted on Friday even though the employment report showed that employers added 1.8 million jobs in July, lowering the unemployment rate to 10.2%.⁷

ONE EYE ON BONDS, GOLD

The continued rally in stock prices appears to suggest that the U.S. economy may maintain its recovery through the second half of the year and into 2021. But the bond market and gold prices suggest a different outlook.

Last week the yield on 10-year Treasuries touched their lowest level since early March, signaling that bond investors may be less convinced about economic prospects.⁸

Meanwhile, gold traded over \$2,000 per ounce. While the rise in gold prices this year has been largely propelled by historically low interest rates, its reputation as a store of value has attracted investors worried about stock market volatility and a potential uptick in inflation.⁹

FINAL THOUGHTS

It was reported last week that the U.S. and China agreed to meet by videoconference on August 15 to discuss compliance with the terms of the Phase One trade deal.¹⁰

With tensions running high between the two nations, expect Wall Street to keep a close eye on any developments that may appear connected to the virtual meeting.

TIP OF THE WEEK



If a major financial or life event is coming up on your calendar, talk to a financial professional about it now. See what ideas they may have about how to manage the event.

THE WEEK AHEAD: KEY ECONOMIC DATA

Monday: Job Openings and Labor Turnover Survey (JOLTS).

Wednesday: Consumer Price Index (CPI).

Thursday: Jobless Claims.

Friday: Retail Sales. Industrial Production. Consumer Sentiment.

Source: Econoday, August 7, 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

Monday: Marriott International (MAR).

Wednesday: Cisco Systems (CSCO), Tencent Holdings (TCEHY), Lyft (LYFT).

Friday: Draftkings (DKNG).

Source: Zacks, August 7, 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.

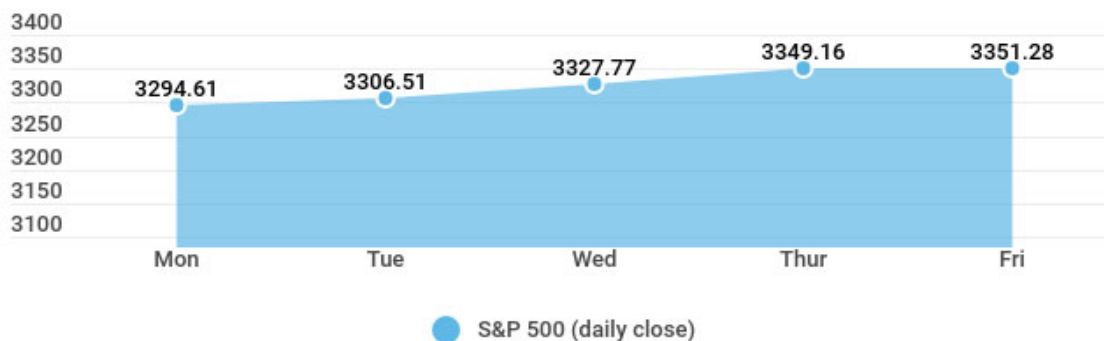
QUOTE OF THE WEEK



“Friendship marks a life even more deeply than love.”

ELIE WIESEL

Market Index	Close	Week	Y-T-D
DJIA	27,433.48	+3.80%	-3.87%
NASDAQ	11,010.98	+2.47%	+22.72%
MSCI-EAFE	1,862.30	+2.31%	-8.57%
S&P 500	3,351.28	+2.45%	+3.73%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.56%	+0.01%	-1.36%

Sources: The Wall Street Journal, August 7, 2020; Treasury.gov, August 7, 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, July 31, to Friday, August 7, close. Weekly performance for the MSCI-EAFE is measured from Friday, July 31, open to the Thursday, August 6, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE



Nancy was born in summer, yet she was born in January. How is this possible?

LAST WEEK'S RIDDLE: You spend 20% of the money in your wallet. Then you spend 20% of what remains in your wallet after that. You spend \$72.00 total. How much money did you originally have in your wallet?

ANSWER: \$200. $\$200 - \$40 = \$160$, then $\$160 - \$32 = \$128$ with \$72 of the original \$200 spent.

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, August 7, 2020
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4. MarketWatch.com, August 4, 2020
5. The Wall Street Journal, August 6, 2020
6. CNBC, August 6, 2020
7. The Wall Street Journal, August 7, 2020
8. MarketWatch, August 4, 2020
9. The Wall Street Journal, August 5, 2020
10. CNBC.com, August 4, 2020

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Treasury.gov, August 7, 2020

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