

Weekly Market Commentary

August 10, 2020

The Markets

There was good news and bad news in last week's employment report.

The good news was the *U.S. Bureau of Labor Statistics* delivered better-than-expected data about employment. In July, the U.S. economy added about 1.8 million new jobs.

That's about 300,000 more than the Wall Street consensus forecast, according to Jeff Cox of *CNBC*, who reported, "...there were wide variations around the estimates as the pandemic's resurgence dented plans to get the shuttered U.S. economy completely back online. Forecasts ranged from a decline of half a million jobs to a rise of 3 million..."

The flip side of employment is unemployment. The U-3 unemployment rate, which reflects unemployed people who are actively seeking a job, declined in July. It has moved steadily lower during the last few months, from 14.7 percent in April to 10.2 percent in July. The U-6 rate, which includes unemployed, underemployed, and discouraged workers, has declined from 22.8 percent in April to 16.5 percent in July.

The bad news is that, despite declining unemployment numbers, the U.S. unemployment rate is now at 10.2 percent – a level that rivals unemployment during the 1981-82 recession and the Great Recession. On Friday, Matthew Klein of *Barron's* explained:

"The July data were better than feared, but that doesn't mean the U.S. economy is in good shape. The danger now is that the private sector's slowing momentum will be exacerbated by ongoing state and local government retrenchment and the expiration of emergency unemployment benefits that had been supporting disposable income."

It is possible emergency unemployment benefits will restart before Congress reaches agreement. On Saturday, President Trump issued an executive memo authorizing enhanced unemployment benefits of \$400 a week. Three-fourths of the amount would be paid for with disaster relief funds. Regular unemployment benefits plus one-fourth of the emergency benefit would be paid by states.

It is also possible benefits won't restart until Congress reaches agreement. "Although [President Trump] signed an order to provide enhanced unemployment benefits to millions of out-of-work Americans, it's unclear if he has the authority to do so by executive order while side-stepping Congress. And, it could take months for states to implement," reported Jessica Menton of *USA Today*.

Major U.S. stock indices finished higher for the week.

Data as of 8/7/20	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	2.5%	3.7%	16.2%	10.5%	10.0%	11.5%
Dow Jones Global ex-U.S.	1.8	-6.6	4.8	-0.7	1.5	2.1
10-year Treasury Note (Yield Only)	0.6	NA	1.7	2.3	2.2	2.8
Gold (per ounce)	3.4	33.4	34.9	17.3	13.2	5.4
Bloomberg Commodity Index	2.6	-12.9	-7.3	-5.6	-4.9	-6.4

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, MarketWatch, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

UNCROWDED. As professional sports resume play in empty stadiums, teams are finding innovative ways to support and encourage players and, sometimes, viewers. For instance:

- **The U.S. National Women's Soccer League** was the first contact sports league to return to play. Its fans offer support and encouragement via social media. In July, "the nearly 20,000-member [social media] group, NWSL Supporters, raised over \$5,000 to cover the players' coffee orders at the tournament's on-site coffee truck, reported Nicole Wetsman of *The Verge*.
- **Japan's Nippon Professional Baseball** has robots that dance to the Fukuoka Hawks' fight song before each game. Jack Tarrant of *Reuters* reported one humanoid robot and several four-legged robots, "...stamped and shimmied in a choreographed dance that is usually performed by the Hawks' fans before games..."
- **U.S. Major League Baseball** stadiums are filled with cardboard cutouts of fans. However, one broadcaster faked crowd noise and filled the stands with virtual fans in some shots, but not others. Overall, real fans were not impressed, reported *USA Today*.
- **The National Basketball Association** is bringing basketball fans courtside through a virtual experience during live games. The 'Together Mode for Teams' uses artificial intelligence to segment fan's faces and shoulders and show them in courtside seats. "This new experience...gives participating fans the feeling of sitting next to one another at a live game without leaving the comfort and safety of their homes," reported Tom Warren of *The Verge*.
- **The Women's National Basketball Association** hosted the first ever live virtual draft by a professional league. *Sports Illustrated* reported, "...the WNBA draft recorded its best ratings in 16 years. While [WNBA commissioner Cathy Engelbert] noted fans may have been hungry for a live sporting event, she also acknowledged the importance of naming Gianna Bryant, Alyssa Altobelli, and Payton Chester, who died in a helicopter crash on January 26, as honorary draft picks."

Weekly Focus – Think About It

"Outstanding leaders go out of their way to boost the self-esteem of their personnel. If people believe in themselves, it's amazing what they can accomplish."

--Sam Walton, *Businessman and entrepreneur*

Best regards,

Moshides Financial Group

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

* 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.

* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.

* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

* The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.

* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.

* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

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* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.

* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

* Asset allocation does not ensure a profit or protect against a loss.

* Consult your financial professional before making any investment decision.

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