



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%.^{1,2,3}

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.

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.

THIS WEEK: 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.

THIS WEEK: COMPANIES REPORTING EARNINGS

Monday: Marriott International (MAR).

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

Friday: Draftkings (DKNG).

Source: Zacks, August 7, 2020

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1. The Wall Street Journal, August 7, 2020
2. The Wall Street Journal, August 7, 2020
3. The Wall Street Journal, August 7, 2020
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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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.

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