In this week's recap: a rise in COVID-19 cases inspires turbulence in markets, tapping the brakes on economic recovery.

FALCK
FINANCIAL SERVICES

Weekly Economic Update

June 29, 2020

THE WEEK ON WALL STREET

A jump in COVID-19 cases dampened investor enthusiasm last week, sending stock prices lower on worries that rising infections could derail the economic recovery.

The Dow Jones Industrial Average slumped 3.31%, while the Standard & Poor's 500 retreated 2.86%. The Nasdaq Composite Index lost 1.90% for the week. The MSCI EAFE Index, which tracks developed stock markets overseas, declined 1.28%.[1,2,3]

A ROCKY WEEK FOR STOCKS

Investors began the week overlooking a jump in COVID-19 cases in some early reopening states, sending stocks higher and powering the Nasdaq Composite to close above 10,000 and establish a new record high on successive days. But the market quickly reversed course as investors reacted to data showing a troubling spike in nationwide COVID-19 cases.[4]

In Thursday's trading, stocks opened lower but rallied late in the day on no apparent news. Stocks resumed their decline on Friday, falling on news that Texas and Florida were rolling back some reopening plans amid rising COVID-19 infections.[5]

COVID-19 CASES

Investor expectations for an economic rebound took a hit last week, following reports of an increase in nationwide COVID-19 cases. The pace of infections had picked up in 33 states, with the seven-day average of new cases higher than the average over the last two weeks.[6]

While traders understood that reopening and increased testing would lead to an uptick in reported cases, the numbers were a bit unsettling. The week's action reminded investors that the market remains tightly tethered to COVID-19 developments.

TIP OF THE WEEK

Ward off impulse buying with a 30-day list. If you feel like you have to have something, put it on your 30-day list. See if you still have the urge to buy it after 30 days. Chances are? You won't.

THE WEEK AHEAD: KEY ECONOMIC DATA

Wednesday: ADP (Automatic Data Processing) Employment Report. Purchasing Managers Index (PMI) Manufacturing Index. Institute for Supply Management (ISM) Manufacturing Index. Federal Open Market Committee (FOMC) Minutes.

Thursday: Employment Situation Report. Jobless Claims. Factory Orders.

Source: Econoday, June 26, 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: Micron Technologies (MU).

Tuesday: FedEx Corp. (FDX), Conagra Brands (CAG).

Wednesday: Constellation Brands (STZ), General Mills (GIS).

Source: Zacks, June 26, 2020

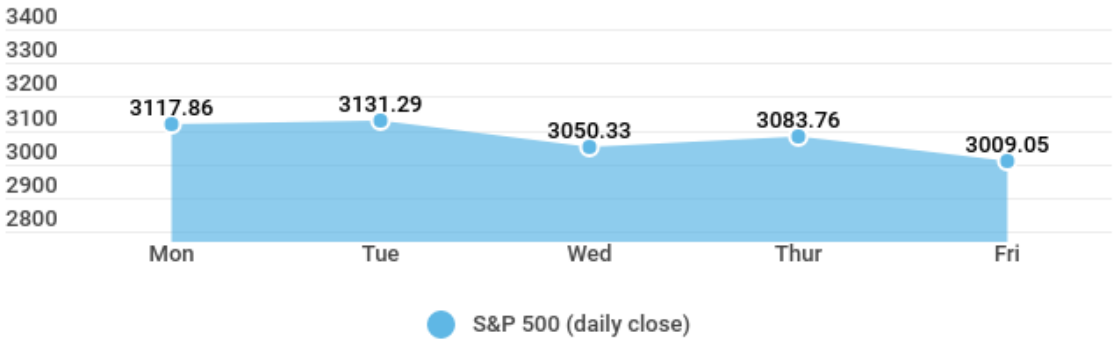
Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of 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

"Amusement to an observing mind is study."

BENJAMIN DISRAELI

Market Index	Close	Week	Y-T-D
DJIA	25,015.55	-3.31%	-12.34%
NASDAQ	9,757.22	-1.90%	+8.74%
MSCI-EAFE	1,780.69	-1.28%	-12.58%
S&P 500	3,009.05	-2.86%	-6.86%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.63%	-0.07%	-1.29%

Sources: The Wall Street Journal, June 26, 2020; Treasury.gov, June 26, 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, June 19, to Friday, June 26, close. Weekly performance for the MSCI-EAFE is measured from Friday, June 19, open to the Thursday, June 25, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

THE WEEKLY RIDDLE

Can you determine the numeral between 1 and 100 that is also nine times the sum of its digits?

LAST WEEK'S RIDDLE: What is the only planet within our solar system that rotates clockwise?

ANSWER: Venus.

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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.

06292020-ZC-6142

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, June 26, 2020
2 – The Wall Street Journal, June 26, 2020
3 – The Wall Street Journal, June 26, 2020
4 – Marketwatch.com, June 23, 2020
5 – FoxBusiness.com, June 26, 2020
6 – The Wall Street Journal, June 25, 2020

CHART CITATIONS:

The Wall Street Journal, June 26, 2020
The Wall Street Journal, June 26, 2020
Treasury.gov, June 26, 2020