

In this week's recap: stocks rise, data shows economic growth slowing from the first quarter, and the stage is set for further U.S.-China trade discussions.



Weekly Economic Update

July 29, 2019

THE WEEK ON WALL STREET

Last week, investors assessed earnings and the initial estimate of second-quarter economic growth, while awaiting the Federal Reserve's next announcement about interest rates.

Stocks rose for the week; particularly, tech shares. The S&P 500 gained 1.65%; the Nasdaq Composite, 2.26%. The Dow Jones Industrial Average lagged, adding just 0.14%. MSCI's EAFE index, a gauge of equity performance in developed foreign markets, ticked up 0.01%.^{1,2}

ECONOMY GREW MODERATELY IN Q2

Analysts surveyed by Dow Jones Newswires had forecast 2.0% GDP for the second quarter. The actual estimate, announced Friday by the Bureau of Economic Analysis, was slightly better at 2.1%.³

While this is the poorest quarterly GDP number since the opening quarter of 2017, the decline in GDP largely reflects a decrease in business investment. Consumer spending improved 4.3% in Q2, and government spending rose 5.0%, which was the biggest quarterly gain in a decade.³

CHINA TRADE TALKS TO RESTART

U.S. trade delegates are scheduled to resume face-to-face negotiations with their Chinese counterparts, starting Tuesday in Shanghai.

This renewed effort to forge a bilateral trade pact could go on for some time. Secretary of the Treasury Steven Mnuchin, who is part of the U.S. delegation, told reporters last week that it would likely take "a few more meetings" before any kind of accord can be considered.⁴

WHAT'S NEXT

Wednesday at about 2:00pm EST, the Federal Reserve is scheduled to conclude its July meeting. Wall Street is eager to see what the Fed will do with interest rates. The question is whether traders have priced in expectations of a cut and how they may react if no cut comes.

TIP OF THE WEEK



When it comes to insuring your residence, remember that the right amount of coverage is based on what it costs you to replace your home, not just to reconstruct it. Some homeowners underinsure their homes and end up paying some rebuilding or repair costs out of pocket after a calamity.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: The federal government's June personal spending report and the Conference Board's monthly index of consumer confidence.

Wednesday: The Federal Reserve presents its latest statement on interest rates and monetary policy, and payroll titan ADP offers its July private-sector employment snapshot.

Thursday: The latest report on American manufacturing from the Institute for Supply Management.

Friday: July jobs data from the Department of Labor and the University of Michigan's final July Consumer Sentiment Index, measuring household confidence in the economy.

Source: Econoday / MarketWatch Calendar, July 26, 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

Monday: RingCentral (RNG)

Tuesday: Apple (APPL), Mastercard (MA), Merck (MRK), Pfizer (PFE), Procter & Gamble (PG)

Wednesday: General Electric (GE), Qualcomm (QCOM)

Thursday: Royal Dutch Shell (RDS.A), Verizon (VZ)

Friday: Berkshire Hathaway (BRK.B), Chevron (CVX), ExxonMobil (XOM), Toyota (TM)

Source: Zacks, July 26, 2019 Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Any investment should be consistent with your objectives, time frame, and risk tolerance. 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.

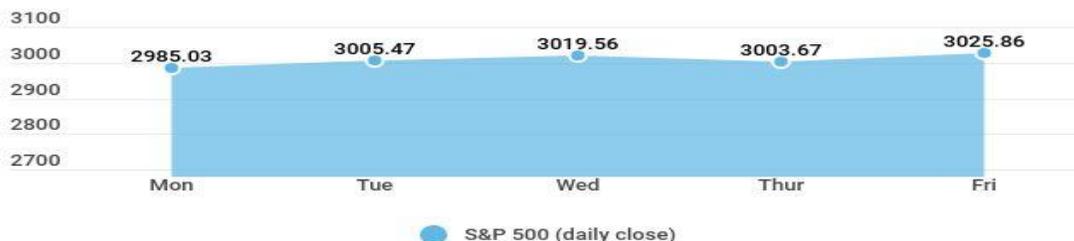
QUOTE OF THE WEEK



“To succeed, planning alone is insufficient. One must improvise as well.”

ISAAC ASIMOV

| Market Index | Close | Week | Y-T-D |
|--------------|-----------|--------|---------|
| DJIA | 27,192.45 | +0.14% | +16.57% |
| NASDAQ | 8,330.21 | +2.26% | +25.54% |
| MSCI-EAFE | 1,918.99 | +0.01% | +11.58% |
| S&P 500 | 3,025.86 | +1.65% | +20.70% |



| Treasury | Close | Week | Y-T-D |
|--------------|-------|--------|--------|
| 10-Year Note | 2.08% | +0.03% | -0.61% |

Sources: The Wall Street Journal, July 26, 2019; Treasury.gov, July 26, 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, July 19 to the Friday, July 26 close. Weekly performance for the MSCI-EAFE is measured from the Friday, July 19 open to the Thursday, July 25 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



You can take one letter away from this 8-letter word, and you still have a word. You can take another letter away from the seven letters left, and you still have a word. Keep on doing that, each time making a new word, until you have one letter left.

What is this word?

LAST WEEK'S RIDDLE: I'm a word that's hardly there. Take away my start, and I'm an herbal flair. What am I?

ANSWER: Parsley (Sparsely, minus the S = Parsley).

Richard J. Falck, CFP®, CLU, ChFC

509 Professional Drive · P.O. Box 530 Northfield, MN 55057

Phone ~ 507-645-2993 · Toll Free ~ 800-601-6638

www.falckfinancial.com · rfalck@falckfinancial.com

Securities offered through **First Heartland Capital, Inc.** Member FINRA/SIPC.

Advisory Services offered through First Heartland Consultants, Inc.

4101 Lake St. Louis Blvd., Lake St. Louis, Missouri 63367. (636) 625-0900

Falck Financial Services is not affiliated with First Heartland Capital, Inc.

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. The information herein has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All market indices discussed are unmanaged and are not illustrative of any particular investment. Indices do not incur management fees, costs and expenses, and cannot be invested into directly. All economic and performance data is historical and not indicative of future results. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is a market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard & Poor's 500 (S&P 500) is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock

Exchange (the “NYSE”) and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the world’s largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. MarketingPro, Inc. is not affiliated with any person or firm that may be providing this information to you. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.

CITATIONS:

- 1 - wsj.com/market-data [7/26/19]
- 2 - quotes.wsj.com/index/XX/990300/historical-prices [7/26/19]
- 3 - cnbc.com/2019/07/26/us-gdp-second-quarter-2019.html [7/26/19]
- 4 - reuters.com/article/us-usa-trade-china/top-us-china-trade-negotiators-to-meet-in-shanghai-next-week-idUSKCN1UJ1JI [7/24/19]

CHART CITATIONS:

- wsj.com/market-data [7/26/19]
quotes.wsj.com/index/SPX/historical-prices [7/26/19]
treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield [7/26/19]
treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldAll [7/26/19]