

*In this week's recap: stocks decline as Wall Street adjusts its expectations about the potential duration of the U.S.-China trade dispute, and some retail giants post first-quarter earnings.*

# Weekly Economic Update

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*Presented by Fulcrum Financial Group, May 28, 2019*

## THE WEEK ON WALL STREET

Stocks drifted lower last week as investors considered the possibility that the world's two largest economies might take some time to resolve key trade issues.

The S&P 500 retreated 1.17%; the Nasdaq Composite, 2.29%; the Dow Jones Industrial Average, 0.69%. The concern over trade was felt elsewhere: the overseas developed markets benchmark, the MSCI EAFE, also lost 1.41% in five trading sessions.<sup>1,2</sup>

## MARKET WAITS FOR FURTHER TRADE TALK CUES

A compromise on tariffs between the U.S. and China did not seem forthcoming last week. Negotiations appeared stalled. Regardless, President Trump and Chinese President Xi are slated to meet at June's G20 summit in Japan.

The Department of Commerce has effectively banned U.S. companies from doing business with Chinese tech giant Huawei, a major global player in 5G technology. Some analysts think China may respond with retaliatory measures.<sup>3</sup>

## LEADING RETAILERS REPORT EARNINGS

Big-box stores and other major retail chains announced first-quarter results last week. While some traditional department store chains disappointed (Kohl's, JC Penney, Nordstrom), Macy's recorded its sixth straight quarter of comparable sales growth. Target reported a 10.8% jump in earnings in the first quarter, Walmart announced Q1 gains in earnings and revenue, and Urban Outfitters saw record sales in Q1.<sup>4,5</sup>

Any companies mentioned are for informational purposes only, and this should not be considered a solicitation for the purchase or sale of their securities. Any investment should be consistent with your objectives, time frame, and risk tolerance.

## FINAL THOUGHT

As new chapters in the U.S.-China trade drama continue to unfold, remember that your investment approach is built around your long-term objectives and risk tolerance. There will always be day-to-day price changes; there will always be breaking news alerts. The disciplined, long-term investor stays the course through the ups and downs.

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## TIP OF THE WEEK



*Young adults can potentially see **significant auto insurance savings** if their parents include them on their policy. That is permissible as long as the younger driver is under a certain age and either still living at home or living on a college campus.*

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## THE WEEK AHEAD: KEY ECONOMIC DATA

**Tuesday:** The Conference Board's latest monthly consumer confidence index.

**Friday:** May consumer spending numbers and May's final University of Michigan consumer sentiment index (another important measure of consumer confidence levels).

Source: Econoday / MarketWatch Calendar, May 24, 2019

The Econoday and MarketWatch economic calendars list 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

**Wednesday:** Dick's Sporting Goods (DKS), PVH (PVH)

**Thursday:** Costco (COST), Dell (DELL), Dollar General (DG), Ulta Beauty (ULTA)

Source: Morningstar.com, May 24, 2019

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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.

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QUOTE OF THE WEEK



*“The **successful person** knows how to put **energy into time** and how to draw **success from time.**”*

DENIS WAITLEY

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Market Index	Close	Week	Y-T-D
DJIA	25,585.69	-0.69%	+9.68%
NASDAQ	7,637.01	-2.29%	+15.10%
MSCI-EAFE	1,839.56	-1.41%	+6.96%
S&P 500	2,826.06	-1.17%	+12.73%



	Treasury	Close	Week	Y-T-D
	10-Year Note	2.32%	-0.07%	-0.37%

Sources: The Wall Street Journal, May 24, 2019, Treasury.gov, May 24, 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, May 17 to the Friday, May 24 close. Weekly performance for the MSCI-EAFE is measured from the Friday, May 17 open to the Thursday, May 23 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



*If I say, "everything I tell you is a lie," am I telling you **the truth** or **a lie**?*

*LAST WEEK'S RIDDLE: Can you name two perennial vegetables? (That is, vegetables that don't need to be replanted and can live on to produce in a future growing season?)*

*ANSWER: Asparagus and rhubarb.*

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