

In this week's recap: domestic and international stocks sell off as higher tariffs go into effect for Chinese goods coming to the U.S., while the wave of notable initial public offerings continues.



Weekly Economic Update

May 13, 2019

THE WEEK ON WALL STREET

As we noted recently, Wall Street has a wandering eye. Last week, it focused on the new tariff threats in the ongoing U.S.-China trade dispute. Stocks fell across five trading sessions: the Dow Jones Industrial Average lost 2.12%; the S&P 500, 2.18%; the Nasdaq Composite, 3.03%. International stocks also fell: the MSCI EAFE index declined 3.06%.

Earnings and big-name initial public offerings mattered little last week. Traders were more concerned about how consumers and corporations might be affected by higher import taxes in future quarters.^{1,2}

TARIFFS INCREASE

At 12:01 am on Friday, duties on \$200 billion worth of Chinese products coming to the U.S. rose from 10% to 25%. Just days earlier, President Trump had tweeted that the U.S. might also tax another \$325 billion of Chinese imports, mainly consumer goods.

While the proposed new taxes might take months to implement, institutional investors reacted negatively to this information, perceiving that trade talks were stalled.^{3,4}

FINAL THOUGHT

A few weeks ago, market watchers noted the huge number of initial public offerings anticipated for 2019. One well-known tech firm completed its IPO on Friday, and the wave of tech IPOs is still building. According to research firm CB Insights, the average stock market valuation of the venture-capital-backed tech companies going public this year is \$9.6 billion.

TIP OF THE WEEK



Getting married? Think about whether you want to keep your finances separate or create some joint investment and bank accounts. If you want a joint investment account, you will need to agree on the investment style.

THE WEEK AHEAD: KEY ECONOMIC DATA

Wednesday: April retail sales figures from the Census Bureau.

Friday: The University of Michigan's preliminary May consumer sentiment index, a measure of consumer confidence.

Source: Econoday / MarketWatch Calendar, May 10, 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

Monday: Take-Two Interactive (TTWO)

Tuesday: Agilent (A), Ralph Lauren (RL)

Wednesday: Alibaba (BABA), Cisco (CSCO), Macy's (M)

Thursday: Applied Materials (AMAT), Nvidia (NVDA), Walmart (WMT)

Friday: Deere & Co. (DE)

Source: Morningstar.com, May 10, 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.

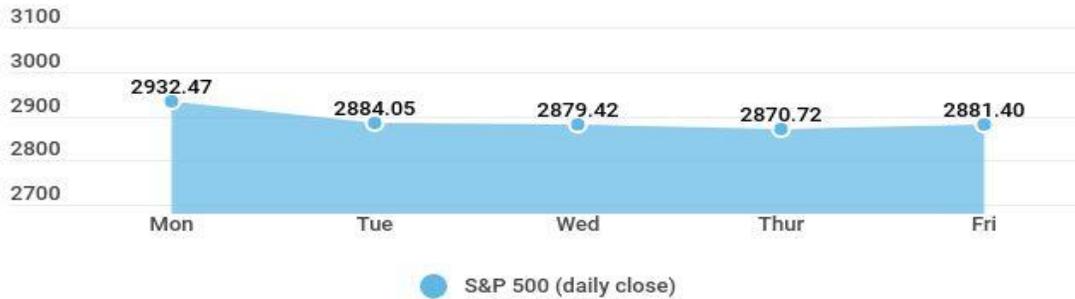
QUOTE OF THE WEEK



“The possible’s slow fuse is lit by the imagination.”

EMILY DICKINSON

Market Index	Close	Week	Y-T-D
DJIA	25,942.37	-2.12%	+11.21%
NASDAQ	7,916.94	-3.03%	+19.32%
MSCI-EAFE	1,860.04	-3.06%	+8.15%
S&P 500	2,881.40	-2.18%	+14.94%



Treasury	Close	Week	Y-T-D
10-Year Note	2.47%	-0.07%	-0.22%

Sources: The Wall Street Journal, May 10, 2019, Treasury.gov, May 10, 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 3 to the Friday, May 10 close. Weekly performance for the MSCI-EAFE is measured from the Friday, May 3 open to the Thursday, May 9 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



Name three words in everyday English that begin with the letters “dw.”

LAST WEEK’S RIDDLE: There are two friends: one always goes to sleep as the other wakes up, and vice versa. They never see one another. What are they?

ANSWER: Night and day.

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2 - quotes.wsj.com/index/XX/990300/historical-prices [5/10/19]

3 - [cnn.com/2019/05/10/business/china-us-tariffs-trade/index.html](https://www.cnn.com/2019/05/10/business/china-us-tariffs-trade/index.html) [5/10/19]

4 - [cnbc.com/2019/05/07/if-trump-slaps-china-with-all-the-tariffs-threatened-it-could-be-the-us-consumer-that-pays.html](https://www.cnbc.com/2019/05/07/if-trump-slaps-china-with-all-the-tariffs-threatened-it-could-be-the-us-consumer-that-pays.html) [5/7/19]

5 - [nytimes.com/interactive/2019/05/09/business/dealbook/tech-ipos-uber.html](https://www.nytimes.com/interactive/2019/05/09/business/dealbook/tech-ipos-uber.html) [5/9/19]

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