



Weekly Economic Update

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.

July 30, 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

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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

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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).

KC Financial Advisors may be reached at 913-317-1414 or
<http://www.CoverYourAssetsKC.com>

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CITATIONS:

- 1 - markets.wsj.com [2/8/19]
 - 2 - quotes.wsj.com/index/XX/990300/historical-prices [2/8/19]
 - 3 - insight.factset.com/earnings-season-update-february-8-2019 [2/8/19]
 - 4 - instituteforsupplymanagement.org/ISMReport/NonMfgROB.cfm?SSO=1 [2/5/19]
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