



Weekly Economic Update

In this week's newsletter: Wall Street maintains its risk-on mood, even as tensions grow between the U.S. and Iran, influenced by a White House tweet and a dovish signal from the Federal Reserve.

June 25, 2019

THE WEEK ON WALL STREET

The S&P 500 hit an all-time peak of 2,964.03, in intraday trading Friday, while improving 2.20% across five market days. The Dow Jones Industrial Average and Nasdaq Composite posted respective, 5-day advances of 2.41% and 3.01%. In addition, the MSCI EAFE benchmark of overseas stocks rose 2.58%.¹⁻³

A White House tweet and the latest monetary policy outlook from the Federal Reserve sent the bulls running. These were the top two financial news items in an eventful week – a week in which the value of West Texas Intermediate crude rose 9.4%, the price of gold went above \$1,400 for the first time in six years, and the 10-year Treasury yield fell below 2%. (Treasury yields fall when their prices rise, and vice versa.)¹

THE FED'S JUNE POLICY STATEMENT

The central bank stood pat on interest rates this month, but the expectations of some of its policymakers changed. About half the 17 Fed officials who have a say in monetary policy now project either one or two quarter-point rate cuts by the end of the year. As recently as March, no Fed official saw grounds for a 2019 cut.⁴

Markets interpreted this shift as a sign that the Fed might soon ease. While a rate cut is by no means a given, traders now believe that the Fed will make either a quarter-point or half-point cut at its July meeting.⁵

LAST TUESDAY'S MARKET-MOVING TWEET

A day earlier, stocks rose after President Trump stated that he and Chinese President Xi Jinping “will be having an extended meeting” at this week’s G-20 summit in Japan.⁶

Investors were encouraged by this note, sensing a chance for progress in U.S.-China trade talks.

FINAL THOUGHT

With tensions persisting between Iran and the U.S., investors are keeping a close eye on both commodity prices and stock indices. Economic or geopolitical developments could heavily influence the short-term movement of the markets.

TIP OF THE WEEK



*A **no-exam life insurance policy** may sound expedient and convenient, but keep this reality in mind: policies that are **medically underwritten** are usually **more affordable** than those that are not.*

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: The Census Bureau’s snapshot of May new home buying and the Conference Board’s monthly consumer confidence index.

Thursday: The federal government’s third (“final”) estimate of first-quarter gross domestic product.

Friday: May consumer spending data from the Department of Commerce as well as the final June consumer sentiment index from the University of Michigan, another key gauge of consumer confidence.

Source: Econoday / MarketWatch Calendar, June 21, 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: Carnival (CCL)

Tuesday: FedEx (FDX), Micron Technology (MU)

Wednesday: General Mills (GIS), Kraft Heinz (KHC), Paychex (PAYX)

Thursday: Accenture (ACN), Nike (NKE), Walgreens Boots Alliance (WBA)

Friday: Constellation Brands (STZ)

Source: Zacks.com, June 21, 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.

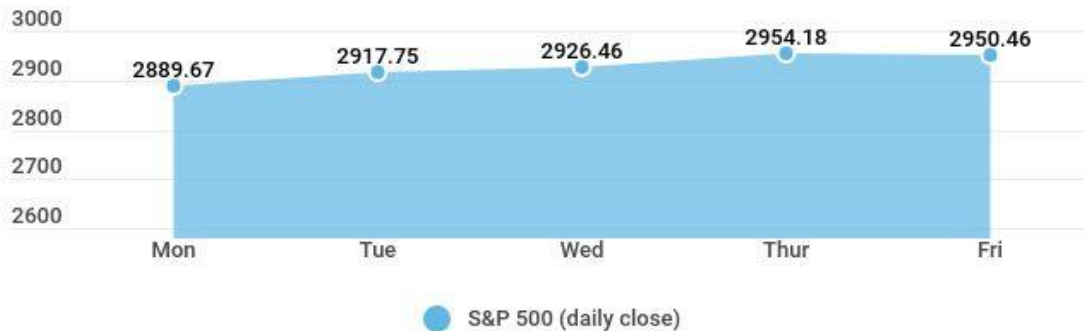
QUOTE OF THE WEEK



*“If you want to be **respected by others**, the great thing is to respect yourself. Only by that, only by **self-respect** will you compel others to **respect you**.”*

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Market Index	Close	Week	Y-T-D
DJIA	26,719.13	+2.41%	+14.54%
NASDAQ	8,031.71	+3.01%	+21.05%
MSCI-EAFE	1,918.39	+2.58%	+11.54%
S&P 500	2,950.46	+2.20%	+17.70%



	Treasury	Close	Week	Y-T-D
	10-Year Note	2.07%	-0.02%	-0.62%

Sources: The Wall Street Journal, June 21, 2019, Treasury.gov, June 21, 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, June 14 to the Friday, June 21 close. Weekly performance for the MSCI-EAFE is measured from the Friday, June 14 open to the Thursday, June 20 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



*A horse was tied to a rope **5 meters** long, and the horse's food was **15 meters** away. How did the horse reach the food?*

LAST WEEK'S RIDDLE: What is the worst vegetable to have on a ship?

ANSWER: A leek.

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<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 - institutehorsupplymanagement.org/ISMReport/NonMfgROB.cfm?SSO=1 [2/5/19]