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Community Banking

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Weekly Economic News & Updates

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THE WEEK ON WALL STREET

Stock prices drifted higher in an otherwise quiet news week, as a slowdown in new COVID-19 cases outweighed a Congressional impasse on a new fiscal spending measure.

The Dow Jones Industrial Average gained 1.81%, while the Standard & Poor's 500 rose by 0.64%. The Nasdaq Composite Index inched 0.08% higher for the week. The MSCI EAFE Index, which tracks developed stock markets overseas, advanced 3.11%.^{1,2,3}

S&P 500 Nears All-Time High

Stocks prices were supported by a falling rate of COVID-19 cases nationwide and optimism that – despite a lack of progress on a fiscal aid bill – Congress would eventually come to a spending agreement.⁴

The industrial and financial sectors saw solid gains, while technology stocks, after slipping earlier in the week, found some footing as the week came to a close.

The S&P 500 Index flirted all week with setting a new record high. At one point on Thursday, it traded above its February 2020 record close before closing slightly lower. Stocks treaded water into Friday, as Congress recessed for the summer.⁵

Consumer Prices Jump

On Wednesday, the Labor Department said that the Consumer Price Index rose 0.6% in July, matching the 0.6% increase in June. The increase was double the consensus estimate of 0.3%. The general view is that the acceleration in consumer prices is more indicative of a healing economy than the beginning of a cycle of higher inflation.^{6,7}

The Fed does not appear concerned about these recent monthly price jumps. It remains more worried about disinflation. However, if inflation continues to pick up, the Fed may be forced to reconsider its COVID-19 monetary policy.⁸

Lobbies are open

WEEKLY QUOTE

*"Wise men make more opportunities than they find."
SIR FRANCIS BACON*

WEEKLY TIP

Is your business structured to limit your liability? Your financial professional may be able to provide some insights about what business structures to consider.

WEEKLY RIDDLE

What number should be next in this series: 9, 16, 25, 36?

Last week's answer:

She was born in the southern hemisphere.

Sources: MarketingPro, Financial Strategies Group, The Baker Group, wsj.com, bigcharts.com, treasury.gov, Randy Baker and Chris Low and Rebecca Kooshak FTN Financial
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