

Taking Care of Main Street, Not Wall Street.

Community Banking

Here at Citizens FSB, we know the best investments yield a high return. That's why we're investing time and money into the communities we serve. We're a part of our communities as a neighbor, a friend, and as family.



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Weekly Economic News & Updates

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FOMC

The FOMC once again left rates unchanged while acknowledging the deep and ongoing economic turmoil created by the virus. Although the economy and employment have accelerated well off the lows, we're still far below the high water mark established before its impact was truly felt. As a result, inflation remains subdued and the Committee will maintain current policy for the foreseeable future, including the continuation of the purchase of Treasuries and other securities.

THE WEEK ON WALL STREET

Stocks were mixed last week amid a busy week of earnings, some troubling economic data, and seemingly little progress on a new fiscal stimulus package.

The Dow Jones Industrial Average slipped 0.16%, while the Standard & Poor's 500 increased by 1.73%. The Nasdaq Composite Index surged 3.69% for the week. The MSCI EAFE Index, which tracks developed stock markets overseas, dipped 0.75%.^{1,2,3}

Stocks Buffeted by Crosswinds

Stocks rode a roller coaster last week, reacting to a conflicting stream of corporate events and economic data.

Investors were optimistic on Monday about the ability of mega-cap technology companies to thrive in an uncertain economy, but worried on Tuesday about pending Congressional testimony involving the CEOs of these firms.

On the economic front, a strong June durable goods orders report on Monday bolstered investor sentiment. But the optimism faded on a disappointing jobless claims number and a troubling second-quarter GDP number that – while anticipated – was a bit unsettling.^{4,5,6}

Following some exceptional earnings results from the mega-cap technology companies, stocks managed to rally in the final hour of trading on Friday.

Lobbies are open by appointment

WEEKLY QUOTE

"Live in such a way that you would not be ashamed to sell your parrot to the town gossip."
WILL ROGERS

WEEKLY TIP

If your life or financial situation changed notably this year (a new job, a marriage, an addition to the family), then now should be a time to review the state of your personal insurance and your risk management approach.

WEEKLY RIDDLE

You spend 20% of the money in your wallet. Then you spend 20% of what remains in your wallet after that. You spend \$72.00 total. How much money did you originally have in your wallet?

Last week's answer:

Take away the S, and seven becomes even.

Sources: MarketingPro, Financial Strategies Group, The Baker Group, wsj.com, bigcharts.com, treasury.gov, Randy Baker and Chris Low and Rebecca Kooshak FTN Financial
Please feel free to forward this newsletter to friends, family and colleagues.



U.S. Dollar Continues Its Decline

Since peaking in mid-March, the U.S. dollar has dropped nearly 9%. Some of the potential beneficiaries of a weak dollar are global American businesses whose products and services become less expensive in overseas markets.⁷

Conversely, international companies may suffer lower sales in the U.S. as their products become more expensive. It's a mixed bag of potential outcomes, but Wall Street has become more and more focused on the dollar's trajectory.

Final Thoughts

August has historically been a particularly volatile month. For instance, in 2019, the S&P 500 posted moves of more than one percent in 22 trading days.⁸

One of the possible reasons is that many traders are away on vacation, resulting in light volume, which may amplify market volatility. But this year, it's uncertain whether traders will be away on vacation due to the pandemic. Should markets become volatile in the weeks ahead, investors may want to remind themselves of the seasonal trends that may be at work.