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Community Banking

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Weekly Economic News & Updates

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THE WEEK ON WALL STREET

Stocks advanced last week, propelled by hopes that legislators may reach an agreement for a new fiscal stimulus package and optimism generated by a few corporate deal announcements and initial public offerings.

The Dow Jones Industrial Average rose 1.87%, while the Standard & Poor's 500 increased 1.52%. The Nasdaq Composite index gained 1.48% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, advanced 1.56%.^{1,2,3}

The Treasury is not slowing down its efforts to sell bonds and will conduct an auction tomorrow for \$52B Three-Year notes.

They're not stopping there, though, and will sell another \$35B Ten-Year notes on Wednesday. Wednesday will also bring us the minutes of the FOMC's September meeting and they will be closely scrutinized for clues about what the Committee is really thinking. Are they really thinking that they won't have to raise rates for at least another couple of years? Yes, they are really thinking that.

Stocks Manage Gains

Stocks ebbed and flowed all week as investors reacted to news that legislators might have reached a compromise for a new round of fiscal stimulus. By Friday afternoon, the negotiations proved unfruitful, though stocks managed to retain some of the gains built up over the course of the week.

Corporate buyout announcements, along with a couple of high profile initial public offerings, helped the overall market while technology stocks enjoyed a good week. Energy stocks continued to lag.

In volatile Friday trading, stocks sagged following a weak employment report and news that President Trump had tested positive for COVID-19 and was later hospitalized.

Lobbies are open!

WEEKLY QUOTE

You never find yourself until you face the truth."

PEARL BAILEY

WEEKLY TIP

What do your children know about money? There's never a wrong time to talk to your children about its value and impact.

WEEKLY RIDDLE

In 15 minutes, a dress will dry on a clothes wire. How long would it take you to dry five dresses?

Last week's answer:

\$100. At \$12 for a dozen, the unit price is \$1 per bar.

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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Conflicting Employment Data

Last week's employment reports and corporate layoff announcements painted a mixed picture of the labor market.

The monthly ADP (Automated Data Processing) report on private sector hiring showed an unexpectedly strong growth of 749,000, while jobless claims remained over 800,000.^{4,5}

Continuing jobs claims fell by nearly one million, but there were a number of large companies, including major airlines, that announced layoffs during the week. Friday's employment report showed 661,000 nonfarm payrolls were added in September, dropping the unemployment rate to 7.9%. What appears to be clear, is that the direction remains positive but the pace of progress has eased a bit.⁶

Friday is looking to be a light news day, as it should be heading into a three-day weekend, and the only tidbit of data will be a report telling us that Wholesale Inventories rose by 0.5% in August. Probably not a market-mover.