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Weekly Economic News & Updates

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THE WEEK ON WALL STREET

The fourth quarter started with a mixed week for equities. A slip for an index of U.S. manufacturing activity proved to be a market mover, more so than the latest jobs report.

The Dow Jones Industrial Average lost 0.92% for the week; the S&P 500, 0.33%. In contrast, the Nasdaq Composite improved 0.54%. Overseas stocks pulled back: the MSCI EAFE index dipped 2.60%.^{1,2}

Attention on Manufacturing

The Institute for Supply Management's Manufacturing Purchasing Managers Index fell to 47.8 in September, its lowest level in ten years. Traders worried that the number reflected weakening business confidence. ISM's latest Non-Manufacturing PMI also declined, but the 52.6 reading indicated growth in the service sector last month.

ISM does state that when a PMI is above 43.2, the overall economy is typically still expanding, even if a specific sector is not. Another widely watched Factory PMI, maintained by IHS Markit, rose to a five-month peak of 51.1 in September; a number above 50 indicates factory output is increasing.^{3,4}

Lowest Unemployment Rate in 50 Years

The Department of Labor said that employers added 136,000 net new workers in September. Unemployment was at 3.5%, a level last seen in December 1969. The U-6 jobless rate, which counts both the unemployed and underemployed, fell to a 19-year low of 6.9%.

Monthly job creation has averaged 161,000 so far in 2019, down from 223,000 in 2018. This may reflect the challenge companies face trying to fill job openings in an economy with so little unemployment. Annualized wage growth fell to 2.9% in September, the smallest yearly advance recorded since July 2018.⁵

WEEKLY QUOTE

"When anger rises, think of the consequences."
Kong Qui (Confucius)

WEEKLY TIP

*If you are nearing retirement age, ask your employer if it allows **phased retirements**. More companies are offering this option, which gives a worker the **flexibility** to shift from **full-time to part-time hours** on the way to retiring.*

WEEKLY RIDDLE

*Tamara donated \$1 million to a charity. After she donated all that money, she was a **millionaire**. Can you explain this?*

Last week's answer:

Neither; they both weigh one pound.

Sources: MarketingPro, Financial Strategies Group, The Baker Group, w.sj.com, bigcharts.com, treasury.gov, Randy Baker and Chris Low and Rebecca Kooshak FTN Financial
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What's Next

Trade representatives from the U.S. and China return to the negotiating table on Thursday; their meeting is scheduled to conclude on Friday. Any news stemming from their talks could quickly affect equity markets here and abroad.