



Weekly Economic News & Updates

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THE WEEK ON WALL STREET

Friday, the S&P 500 settled above 3,000 for the first time, after rising 0.78% for the week. The Dow Jones Industrial Average chalked up a milestone of its own: the blue chips ended the week above 27,000, gaining 1.52% on the way. Additionally, the Nasdaq Composite wrapped up the week 1.01% higher. The MSCI EAFE index, a gauge of overseas developed markets, fell 0.65%.¹⁻³

Stocks rallied at mid-week with help from Federal Reserve Chairman Jerome Powell's congressional testimony on monetary policy, plus the latest Fed meeting minutes.

Jerome Powell's Statements

Wednesday, Chairman Powell told Capitol Hill lawmakers that "uncertainties around global growth and trade continue to weigh on the outlook" of the Federal Open Market Committee. He also noted that "manufacturing, trade, and investment are weak all around the world."⁴

On the same day, the Fed presented the minutes of its June policy meeting. The record shared the belief of some Fed officials that "a near-term cut in the target range for the federal funds rate could help cushion the effects of possible future adverse shocks to the economy."⁴

Overall Inflation Remains Muted

The June Consumer Price Index, released last week by the Bureau of Labor Statistics, measured only 1.6% yearly inflation. The Federal Reserve uses the Bureau of Economic Analysis' Core Personal Consumption Expenditures (PCE) Price Index as its inflation barometer; in its latest edition, it showed just a 1.5% year-over-year rise.⁵

Currently, the Fed has a yearly inflation target of 2.0%. In the past, it has often raised interest rates in response to increasing inflation, which can potentially slow growth and affect hiring and employment levels. Absent significant inflation pressure, such a response may not be forthcoming.⁵

FINAL THOUGHT

All eyes are on corporate earnings this week, as prominent banks and about two dozen other S&P 500 firms report second-quarter results. Market participants have much to consider in terms of profits, revenue, and guidance.

WEEKLY QUOTE

"Be nice to people on your way up, because you're going to meet them all on your way down."

JIMMY DURANTE

WEEKLY TIP

Done wrong, a **do-it-yourself estate strategy** can lead to some **tax management issues** for your heirs. Other common problems include using documents inappropriate for your state or a power of attorney that your bank may challenge.

WEEKLY RIDDLE

Marking mortal privation, when firmly in place. An enduring summation, inscribed on my face. What am I?

Last week's answer:

The word "eye."

Sources: MarektingPro, 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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