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Weekly Economic News & Updates

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THE WEEK ON WALL STREET

Investors reacted to two major news items last week, one far more of a surprise than the other. The Federal Reserve did indeed make a rate cut, matching Wall Street expectations. Drone strikes on two of the world's largest oil fields brought a shock to the global oil market.

At Friday's closing bell, stocks wound up with weekly losses after news broke that Chinese trade officials were heading home from the U.S. sooner than planned. The S&P 500 retreated 0.51% week-over-week; the Dow Jones Industrial Average lost 1.05%, and the Nasdaq Composite dipped 0.72%. In developed foreign markets, shares tracked by the MSCI EAFE index fell 0.31%.^{1,2,3}

Another Quarter-Point Cut

Wednesday, the Federal Open Market Committee voted 7-3 to lower the benchmark interest rate by another 0.25%, to a range of 1.75% to 2.00%.

While traders looked for signs of future guidance on monetary policy, little emerged from the latest Fed policy statement and Fed chair Jerome Powell's subsequent press conference. The updated dot-plot forecast showed that seven Fed officials anticipated at least one more cut before 2020, while ten did not.⁴

Oil Prices Jump

As last week began, crude oil futures spiked in response to an attack that interrupted roughly 5% of the world's oil production. The value of West Texas Intermediate crude, the U.S. benchmark, spiked 14.7% in a day, starting at \$8.05 and reaching \$62.90 by Monday's close.

This was oil's biggest one-day leap since September 2008. Prices came down from there: Friday, WTI crude settled at \$58.48.^{5,6}

FINAL THOUGHT

So, what day last week saw the biggest loss or gain for stocks? Not Monday, when the market

WEEKLY QUOTE

*"The **strongest** natures, when they are influenced, **submit** the most unreservedly; it is perhaps a **sign** of their **strength**."*
VIRGINIA WOOLF

WEEKLY TIP

If you are **50 or older**, remember that you can take advantage of **catch-up contributions** in your retirement accounts. Under the current catch-up rules, set by the Internal Revenue Service, you can contribute an extra \$1,000 to a Roth or traditional IRA and an extra \$6,000 to the typical workplace retirement plan.

WEEKLY RIDDLE

Up and down the **stairs** it goes, **without moving** any toes. It is found **upstairs, downstairs**, even in the **hall**; alas, it **cannot move** at all. What is it?

Last week's answer:

A corn field, as it is full of ears of corn.

THE WEEK AHEAD: KEY ECONOMIC DATA

Wednesday: The Federal Reserve's policy announcement is scheduled for 2:00pm EST, and Fed chair Jerome Powell is slated to address the media at a subsequent press conference.
Thursday: The National Association of Realtors issues its August existing home sales report.

Sources: MarektingPro, 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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absorbed news of the Saudi oil field strike. Not Wednesday, when the Fed rate cut occurred. Instead, it was Friday, when the S&P 500 lost only 0.49%. It just goes to show that stocks may ride through seemingly market-moving events with little daily change.⁷

newsletter to friends, family and colleagues.

