



Weekly Economic News & Updates

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THE WEEK ON WALL STREET

Stocks rose last week, with help from two developments: the announcement of further U.S.-China trade talks as well as August hiring and manufacturing numbers that seemed to bolster the argument for a rate cut by the Federal Reserve.

The broad U.S. equity market, as represented by the S&P 500, added 1.79% during a 4-day trading week. The Dow Jones Industrial Average improved 1.49%; the Nasdaq Composite, 1.76%. Foreign shares tracked by the MSCI EAFE index gained 1.69%.¹⁻³

All eyes are now back on the Fed. Is the Fed primed for another “mid-cycle adjustment” or will they hold the Federal funds target range between 2% and 2.25%? Many analysts expect the Fed to cut its benchmark rate by another quarter point when the policymakers meet in two weeks. The Fed funds futures market agrees with the analysts and calculates a rate cut probability at this month’s meeting of 100%.

Trade Talks Poised to Restart

Trade representatives from the U.S. and China are planning to head back to the negotiating table early next month. This news came Thursday from China’s ministry of commerce, which confirmed a verbal agreement among Secretary of the Treasury Steven Mnuchin, U.S. Trade Representative Robert Lighthizer, and Chinese Vice Premier Liu He.

Formal trade discussions between the U.S. and China last happened in July. China has said that it wants punitive U.S. tariffs on its products removed in the event of a deal.⁴

Weaker Hiring & Manufacturing Data

Payrolls expanded with just 130,000 net new jobs in August, according to the Department of Labor; 25,000 were temp jobs linked to the federal government’s 2020 Census. The main jobless rate stayed at 3.7%. The U-6 rate, which measures both unemployment and underemployment, rose 0.2% to 7.2%.

A key gauge of U.S. factory activity, the Institute for Supply Management’s manufacturing purchasing manager index, fell to 49.1 in August. A number below 50 indicates factory sector contraction. Some investors took these hiring and manufacturing reports as hints of a slowing economy, one which the Federal Reserve could potentially try to stimulate with an interest rate

WEEKLY QUOTE

*“Life is like a **ten-speed bicycle**. Most of us have **gears** we never use.”*
CHARLES M. SCHULTZ

WEEKLY TIP

Some consumers pay **\$100 or more in ATM fees annually** because they make withdrawals from **third-party ATMs**. If you bank with a major lender, try to make ATM withdrawals strictly from their branches.

WEEKLY RIDDLE

It is not **alive**; it cannot **see**. Yet it has an **eye**, and it can make you gasp or cry, if you are not careful. What might it be?

Last week’s answer:

99. Half of 2 is 1.
 $2+98=100$, and $1+98=99$

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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cut.^{5,6}

WHAT'S AHEAD

August inflation data arrives this week, and if looks especially mild, it may amount to another suggestion that the Fed should ease. The European Central Bank concludes a meeting on Thursday, and Fed officials will certainly pay attention to its latest policy statement.⁷