



Stocks React to Jobs Report

Weekly Update – July 27, 2020

The Week on Wall Street

Stocks slipped in the final days of trading last week on higher jobless claims and rising tensions in the U.S.-China relationship.

The Dow Jones Industrial Average lost 0.76%, while the Standard & Poor's 500 dipped 0.28%. The Nasdaq Composite Index dropped 1.33% for the week. The MSCI EAFE Index, which tracks developed stock markets overseas, rose 1.24%.^{1,2,3}

Stocks Lose Momentum

Stocks marched higher to begin the week on progress with a COVID-19 vaccine and a string of upbeat corporate quarterly reports. Firming oil prices and the passage of a fiscal stimulus bill by the European Union also helped buoy investors' spirits.

Market sentiment, however, turned negative after Thursday morning's report of an uptick in new unemployment claims, which suggested a possible slowdown in hiring. The market was led lower by the technology sector ahead of quarterly reports from some of the sector's biggest names.⁴

U.S.-China Tensions Escalate

Tensions escalated last week as the U.S. ordered China to close its consulate in Houston, which the White House claimed was stealing American information. A day earlier, the U.S. had accused China of attempting to steal COVID-19 research data. China responded by ordering the U.S. to close its consulate in the city of Chengdu.^{5,6}

The markets appear more focused on the apparent deteriorating relations between the two nations, worried about a repeat of the trade battle in 2018. Whether the rancor is managed is likely to remain a top concern for investors in the weeks ahead.

Final Thoughts

The mega-cap technology companies' market dominance is a concern to some. Last week it was reported that six of these mega-cap stocks represent 41% of the Nasdaq market capitalization. Five mega-cap names included in the S&P 500 Index account for 22% of that index's market capitalization.⁷

Investors have embraced these firms because they appear to be able to show solid financial performance in the midst of an economy coping with COVID-19.

THIS WEEK: KEY ECONOMIC DATA

Monday: Durable Goods Orders.

Wednesday: Federal Open Market Committee (FOMC) Meeting Announcement.

Thursday: Gross Domestic Product (GDP), Jobless Claims.

Friday: Consumer Sentiment.

Source: Econoday, July 24, 2020

The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

THIS WEEK: COMPANIES REPORTING EARNINGS

Tuesday: Advanced Micro Devices (AMD), Visa (V), Pfizer (PFE), McDonalds (MCD), 3M Company (MMM), eBay (EBAY), D.R. Horton (DHI).

Wednesday: Facebook (FB), Boeing (BA), Qualcomm (QCOM), PayPal (PYPL), General Motors (GM), Shopify (SHOP), Teladoc Health (TDOC).

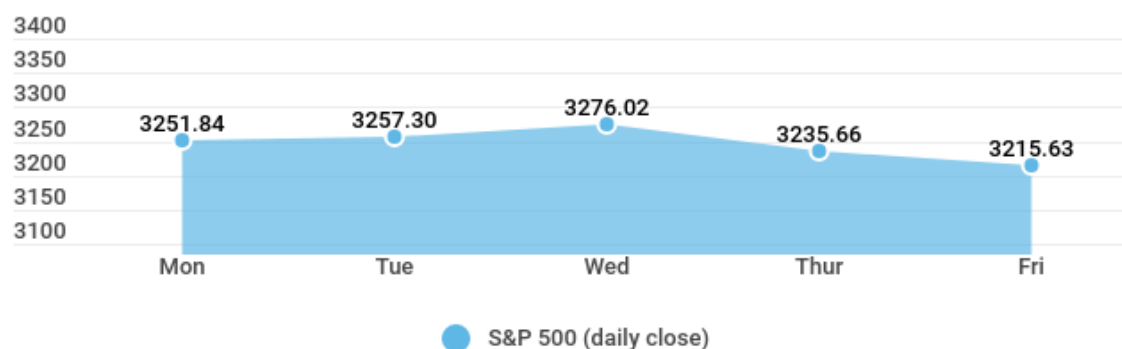
Thursday: Apple (AAPL), Ford (F), Alphabet (GOOGL), Mastercard (MA), Procter & Gamble (PG), Eli Lilly (LLY), United Parcel Service (UPS).

Friday: AbbVie (ABBV), Exxon Mobil (XOM), Caterpillar (CAT), Merck (MRK), Chevron (CVX).

Source: Zacks, July 24, 2020

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

Market Index	Close	Week	Y-T-D
DJIA	26,469.89	-0.76%	-7.25%
NASDAQ	10,363.18	-1.33%	+15.50%
MSCI-EAFE	1,875.42	+1.24%	-7.93%
S&P 500	3,215.63	-0.28%	-0.47%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.59%	-0.05%	-1.33%

Sources: The Wall Street Journal, July 24, 2020; Treasury.gov, July 24, 2020

Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 Index, and NASDAQ Composite Index is measured from the close of trading on Friday, July 17, to Friday, July 24, close. Weekly performance for the MSCI-EAFE is measured from Friday, July 17, open to the Thursday, July 23, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

QUOTE OF THE WEEK



"Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity."

– George S. Patton



Grilled Guacamole



8 servings

We are in the heart of summer, so what better dip to make than grilled guacamole? The smoke of the grill pairs deliciously with the creaminess of the avocados in this unique recipe.

Ingredients:

- ½ red onion, diced
- ½ cup finely chopped cilantro
- 4 seeded and chopped jalapenos (optional)
- ⅓ cup lime juice
- 3¼ Tbsp. of avocado oil
- Salt
- Pepper
- Cumin
- 5 avocados

Directions:

1. In a bowl, combine the onion, cilantro, jalapenos, lime juice, and 1 Tbsp. of oil. Season with salt and refrigerate for at least an hour.

2. Turn on the grill and lightly brush the avocados (halved and pitted) with oil and lime juice. Season with salt and grill, cut-side down, until charred, about 2 minutes.
3. Scoop the avocados out and coarsely mash with a fork.
4. Mix the Pico de Gallo that was chilling, 2 more Tbsp. of olive oil, and a pinch of cumin with the avocados. Season generously with salt and pepper.
5. Garnish with cilantro, some Pico de Gallo, and enjoy with chips!

Recipe adapted from FoodAndWine.com⁸



How Are Bonds Taxed?

Bonds are sometimes used as an investment vehicle, but as with any investment, there are tax considerations as well. The interest you receive from corporate bonds may be taxable, which means that those taxes impact a portion of your earnings. In addition, savings bonds and government-issued Treasury bonds may be exempt from state and local taxes, but they may be taxable on the federal level. On the other hand, municipal bonds may be tax-exempt on the federal level, but they may be taxed at the state and local level.

With this being said, it's always important to understand the tax implications of your investments. After all, it's not about what you make – it's about what you make after taxes!

* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov⁹



3 Tips for Choosing the Perfect Golf Ball

There have been countless advances in the science of crafting the perfect golf club, but golf balls have been getting a lot of love lately too. Today, you can find golf balls on the market that promise everything from a lower score to a better swing. But how do you find the perfect golf ball for you? Here are some tips:

- Assess your game and choose a ball accordingly. If you regularly come up 10 to 15 yards short, you might want a ball that's designed for additional distance. If you're hitting the greens, but the ball isn't sticking, look for a ball with more spin.
- Choose a ball based on your skill level. High-handicap players might need a ball for distance or control, while low-handicap players might want to focus on a ball that helps them improve their short game.
- Pick a ball with an appropriate construction type. Three-piece balls are designed for more backspin, while multilayer balls are targeted at reducing the effects of spin on the ball.

The golf ball world is always changing, so keep on the lookout for your new favorite ball!

Tip adapted from GolfWeek.com¹⁰



Slow Stitching: Your New Favorite Hobby

Many people have heard about the therapeutic benefits of knitting, crocheting, and even embroidering. But there's a new hobby in town: slow stitching!

Slow stitching, also known as slow sewing, consists of layering unique fabrics on top of a quilted piece, and then, hand-sewing them into a design. The beauty of slow sewing is in its simplicity. There is no right or wrong way to do it. As long as you're using a little creativity, you're sure to enjoy yourself.

Another beautiful thing about slow sewing is that it often uses reclaimed fabrics. You can use anything from old lace from a dress you were going to throw away to scraps of fabric from a tailor in your neighborhood. It's a great way to give these usually discarded scraps a new life!

Tip adapted from PetalPlum.com¹¹



Start Your Own Little Free Library

Starting a free library in your community is a great way to reuse old books that you might normally toss out. Give your novels a second chance at life and pick up a new read for yourself with a little free library!

Setting up a little free library and saving countless books from the landfill is easy. Here are some tips:

- Identify a location that you can legally install a library. The best areas have a lot of foot traffic and are pretty visible.
- Buy or make your own library! The library should be a small box where people can put books. The books should be protected from the elements.
- Build support for your little free library! Contact local news outlets, tell friends and family members, or stand outside with your library to share the good news. You could even have a grand opening ceremony for your little free library!

Tip adapted from LittleFreeLibrary.org¹²

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Diversification does not guarantee profit nor is it guaranteed to protect assets.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors.

The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The DJIA was invented by Charles Dow back in 1896.

The Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of stocks of technology companies and growth companies.

The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) that serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indices from Europe, Australia, and Southeast Asia.

The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

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You cannot invest directly in an index.

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¹ The Wall Street Journal, July 24, 2020

² The Wall Street Journal, July 24, 2020

³ The Wall Street Journal, July 24, 2020

⁴ NYTimes.com, July 23, 2020

⁵ CBSnews.com, July 22, 2020

⁶ APNews.com, July 24, 2020

⁷ CNBC, July 22, 2020

⁸ FoodAndWine.com, July 26, 2020

⁹ IRS.gov, July 23, 2020

¹⁰ GolfWeek.com, July 24, 2020

¹¹ PetalPlum.com.au, July 24, 2020

¹² LittleFreeLibrary.org, July 24, 2020