|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **RESOURCE LOG – August 2020** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
| Fed Pledges Stimulus as the Outlook Dims | Fed officials didn’t announce new policy steps at the conclusion of their two-day meeting Wednesday and reiterated their pledge to maintain aggressive measures to support the economy.  Fed officials have been weighing how to provide more support to the economy after moving quickly this spring to cut interest rates to near zero, to ramp up purchases of government debt and to establish an array of emergency lending programs to stabilize funding and credit markets. | The Wall Street Journal | 07/30/2020 | Nick Timiraos |
|  |  |  |  |  |
| Oil Giants Post Big Losses, Prepare for Long Slump | Big oil companies endured one of their worst second quarters yet and are positioning themselves for prolonged pain as the coronavirus pandemic continues to sap global demand for fossil fuels.  The dismal results are ratcheting up problems for the oil giants, which had been struggling to attract investors even before the pandemic.  Holdings of oil-and gas stocks by active money managers are at a 15-year low… | The Wall Street Journal | 08/01-02/2020 | Christopher M. Matthews |
|  |  |  |  |  |
| Fed Weighs Relaxing Targets In Battle to Control Inflation | The Federal Reserve is preparing effectively to abandon its strategy of pre-emptively lifting interest rates to head off higher inflation, a practice it has followed for more than three decades.  Instead, Fed officials would take a more relaxed view by allowing for periods in which inflation would run slightly above the central bank’s 2% target, to make up for past episodes in which inflation ran below the target.  With short-term interest rates pinned at zero, the Fed finds itself with less room to mitigate the economic impact of the coronavirus pandemic. | The Wall Street Journal | 08/03/2020 | Nick Timiraos |
|  |  |  |  |  |
|  | **Last Week:**  **DJIA** 26428.32 ▼41.57 0.2%  **NASDAQ** 10745.27 ▲ 3.7%  **10-YR. TREASURY** ▲ 16/32, yield 0.536%  **OIL** $40.27 ▼ $1.02 | The Wall Street Journal | 08/03/2020 |  |
|  |  |  |  |  |
| Dollar’s Fall Adds Fuel to Stocks Rally | The dollar has made a U-turn this summer following a long rally, confounding many traders but potentially adding fuel to this year’s surprising stock-market rebound.  The ICE Dollar Index, which measures the dollar against a basket of other major currencies, in July notched its worst month in nearly a decade and recently hit a two-year low.  Surging budget deficits tend to make investors less likely to hold a country’s currency. Fitch Ratings on Friday revised its credit-rating outlook for the U.S. to negative from Stable, though it maintained its top, triple-A rating.  At the same time, the currency’s slide is adding further support to the booming market rally, lifting stocks and commodities. A weaker dollar boosts multinational companies which see their products get more competitive abroad and can more easily convert overseas profits into dollars. | The Wall Street Journal | 08/03/2020 | Amrith Ramkumar |
|  |  |  |  |  |
| Refiners Retrench, Crimping Margins | World-wide fuel makers have coped by processing far less crude, shutting down some facilities and constraining spending. This year’s average global refinery utilization rates are expected to be the lowest in 37 years, according to the International Energy Agency. Refiners typically make less money when they operate well below capacity because the cost of running their facilities doesn’t decline by much.  U.S. refiners’ second-quarter results provide a glimpse of the challenging future that fuel makers face as tougher fuel-efficiency requirements and electric vehicles threaten their businesses.  Phillips 66 ran its refineries at 75% of capacity during the second quarter…  The company’s margin on each barrel of oil that it processed fell to $2.60 from $11.37 a year earlier. | The Wall Street Journal | 08/04/2020 | Rebecca Elliott |
|  |  |  |  |  |
| Tech Stocks Lead Main Indexes Higher  *Volatility is expected to increase in coming weeks with beginning of summer vacations* | Stocks rose, lifted by a surge in technology stocks like Apple and Microsoft as well as signs that the rate of new coronavirus infections could be slowing.  The Dow Jones Industrial Average gained 236.08 points, or 0.9%, to 26664.40, getting August off to a strong start. The index climbed 2.4% in July.  The S&P 500 rose 23.49, or 0.7%, to 3294.61. The Nasdaq composite climbed 157.52, or 1.5%, to 10902.80, a record for the tech-heavy index.  Meanwhile, the U.S .registered its lowest number of new Covid-10 infections in weeks, spurring investors’ hopes that the growth in cases could be slowing.  New data showed U.S. manufacturing activity grew in July, a sign that the sector is recovering after the Covid-19 pandemic forced much of the U.S. economy to a halt.  Overseas stocks rose after similar data pointed to a manufacturing recovery. | The Wall Street Journal | 08/04/2020 | Alexander Osipovich and Anna Isaac |
|  |  |  |  |  |
| Covid Boosts Fed As Global Lender  *Foreign loans mark significant expansion of power and cement the dollar’s dominance* | The Fed has long resisted becoming the world’s backup lender. But it shed reservations after the pandemic went global. During two critical mid-March weeks, it bought a record $450 billion in Treasurys from investors desperate to raise dollars. By April, the Fed had lent another nearly half a trillion dollars to counterparts overseas… | The Wall Street Journal | 08/04/2020 | Serena Ng and Nick Timiraos |
|  |  |  |  |  |
| Weak Global Trade Offsets Rise in Output | Factories across the U.S. Europe and parts of Asia increased production in July, but the upswing was held back by weak global trade and suggested a long and precarious road ahead for the global economy.  With the international outlook uncertain, manufacturers in most countries saved costs in July by cutting jobs.  Governments, especially those with export-oriented business models, may need to find a way to stimulate domestic demand to offset lingering weaknesses in international demand for foreign-made goods.  Global trade flows tumbled in the first half of the year, as the coronavirus pandemic caused policy makers and multinationals to reconsider globe-spanning supply chains that have become a defining feature of the world economy.  In the eurozone, the manufacturing sector recorded its first growth in 18 months in July. | The Wall Street Journal | 08/04/2020 | Tom Fairless, Eun-Young Jeong and Amara Omeokwe |
|  |  |  |  |  |
| Optimism on Stimulus Propels Stocks | Investors are monitoring negotiations among Democratic leaders and White House officials on a new round of stimulus.  The Dow Jones Industrial Average rose 164.07 points, or 0.6%, to 26828.47. The S&P 500 ticked up 11.9 points, or 0.4%, to 3306.51. The technology-heavy Nasdaq Composite edged up 38.37 points, or 0.35%, to 10941.17.  “There’s a bit of a pause if you will, as investors are waiting for confirmation on what the shape of the stimulus will be,” said Lori Heinel, State Street Global Advisors’ deputy global chief investment officer. “Clearly the market is looking for another sugar rush.” | The Wall Street Journal | 08/05/2020 | Caitlin Ostroff and Dawn Lim |
|  |  |  |  |  |
| Stocks Make Gains at Week’s End | U.S. stocks wavered Friday but ended the week with gains as the latest employment report showed the economy added more jobs than expected last month, though uncertainty surrounding fresh government stimulus threatened to crimp a recovery.  The S&P 500 edged lower for much of the session before turning higher late in the day, eking out a slim gain for the sixth consecutive trading session, the longest such streak since April 2019.  Major indexes rose for much of the week, though their big gains came to a halt ahead of the jobs report and as talks between White House officials and Democratic leaders on a new coronavirus-aid package concluded without a breakthrough.  The S&P 500 edged up 2.12 points, or 0.1%, to 3351.28. The Dow Jones Industrial Average added 46.50 points, or 0.2%, to 27433.48. The tech-heavy Nasdaq composite shed 97.09 points, or 0.9%, to 11010.98, backing away from its record hit Thursday.  The S&P 500 and Nasdaq Each added about 2.5% for the week. The Dow gained 3.8%. | The Wall Street Journal | 08/08-09/2020 | Anna Isaac and Gunjan Banerji |
|  |  |  |  |  |
| What’s News | ♦ The U.S. added 1.8 million jobs in July as the unemployment rate fell to 10.2%, but the country has yet to restore half of the jobs lost because of the coronavirus pandemic. | The Wall Street Journal | 08/08-09/2020 |  |
|  |  |  |  |  |
| U.S. Bond Benchmark Loses Luster | The yield on the benchmark U.S. government security, long a key economic barometer for financial markets around the world, barely budged in response to Friday’s better-than-expected jobs report. It now enters the week parked near record lows around 0.55%...  U.S. government bonds have rarely been in greater demand than during this year’s pandemic-fueled market mayhem. | The Wall Street Journal | 08/10/2020 | Julia-Ambra Verlaine |
|  |  |  |  |  |
| Dow Extends Its Winning Streak | The Dow Jones Industrial Average climbed, extending its winning streak to seven sessions, as investors assessed the chances of federal stimulus spending and the slowing pace of new coronavirus infections.  The blue-chip index climbed 357.96 points, or 1.3%, to 27791.44,…  The Nasdaq Composite dropped 42.63 points, or 0.4%, to 10968.36, dragged lower by shares of the technology giants that have pushed the stock market higher since late March.  Investors are attempting to gauge whether steps taken by President Trump over the weekend to offer aid to American households will go into effect or potentially spur a new round of congressional deal making.  Treasury Secretary Steven Mnuchin expressed hope during an interview on CNBC Monday that a compromise could be reached with Democratic leaders this week. | The Wall Street Journal | 08/11/2020 | David Benoit and Anna Isaac |
|  |  |  |  |  |
| Gold Needs a New Catalyst  *By the standards of recent history, the metal has already risen quite a lot* | After a meteoric ascent over the past year, the price of gold has tumbled again this week, dropping back below $1,900 a troy ounce.  That hasn’t fazed analysts. Bank of America, for example, has an 18-month gold price target of $3,000. The close relationship between real U.S. interest rates and gold suggests that the yellow metal needs a new driver to reach dramatic new highs.  Extreme shifts in markets – as now – are precisely when long-held relationships are stretched, and so it’s impossible to write off such dizzying new heights entirely. | The Wall Street Journal | 08/13/2020 | Mike Bird |
|  |  |  |  |  |
| Beijing sharpens Focus on Domestic Economy  *Amid global downturn, frayed ties with U.S., Xi prioritizes shift away from foreign markets* | For decades, Chinese leaders embraced foreign investment and exports to power China’s economy. Now, with the world in recession an U.S.-China tensions deepening, President Xi Jinping is laying out a major initiative to accelerate China’s shift toward more reliance on its domestic economy.  The new policy is gaining urgency as Chinese companies, including Huawei Technologies Co. and ByteDance Ltd., face increasing resistance in foreign markets, Chinese officials said.  The goal is to make China far less dependent on foreign firms, technology and markets, though doing so won’t be easy… | The Wall Street Journal | 08/13/2020 | Lingling Wei |
|  |  |  |  |  |
| S&P 500’s Rise Puts It Just Short Of Precrisis Record | U.S. stocks climbed Wednesday, extending a steady August rally that has pushed the S&P 500 to the cusp of its first record close since the coronavirus pandemic brought the economy to a halt.  The benchmark U.S. stock index has risen in all but one trading session this month…  The S&P 500 ended the day up 46.66 points, or 1.4%, at 3380.35, drawing within 0.2% of the Feb. 19 high. It is up 3.3% in August and 4.6% in 2020.  The Dow Jones Industrial Average climbed 289.93 points, or 1%, to 27976.84, and the Nasdaq Composite Index advanced 229.42 points, or 2.1%, to 11012.24, snapping a three-session losing streak.  The rally in the stock market has coincided with a rise in U.S. government bond yields, a further sign that investors are growing more optimistic about the economic outlook. Meanwhile, gold prices have fallen this month, and oil prices have climbed. | The Wall Street Journal | 08/13/2020 | Ben Eisen and Sam Goldfarb |
|  |  |  |  |  |
| Coronavirus Racks U.K. Economy  *Second-quarter decline outpaced that of peers as pandemic persisted; slow upturn expected* | The U.K.’s economy is already recovering as restrictions on daily life ease and workers trickle back to factories and offices, but Bank of England officials warn that it could take until the end of 2021 to regain the ground lost during the pandemic. | The Wall Street Journal | 08/13/2020 | Jason Douglas |
|  |  |  |  |  |
| Rise in Bond Yields Tempers Gold Rally | Gold prices closed slightly higher after a wild trading session, extending a volatile spell for the market as climbing yields on U.S. government bonds sap investors’ appetite for the precious metal.  The moves followed a big drop in precious metals on Tuesday. Gold fell roughly 4.5%, while silver slid 11%.  Treasury yields have picked up in recent sessions, curtailing investors’ appetite for gold and silver, which pay no income. Yields on 10-year Treasury notes have advanced in four consecutive sessions and gotten a boost lately from better-than-feared economic data and hopes for a coronavirus vaccine. Bond yields rise as prices fall. | The Wall Street Journal | 08/13/2020 | Joe Wallace |
|  |  |  |  |  |
| Two Cheers for Lower Jobless Claims  *Number of Americans filing for unemployment fell below one million, but it may not indicate a trend.* | Falling claims over the past two weeks reversed a worrisome increase in the middle of July. But the most recent decline comes with a caveat: Because the supplemental $600 a week the federal government was providing to unemployed workers expired at the end of July, the incentive for people who have lost their jobs to file for unemployment has been diminished. How much of an effect that might have had is hard to gauge. | The Wall Street Journal | 08/14/2020 | Justin Lahart |
|  |  |  |  |  |
| Municipal-Bond Defaults Rise But Investors Pile Into Market | The coronavirus has dealt a harsh blow to state and local government finance. But the municipal-bond market rolls on.  Yields there have hit their lowest level since 1982, reflecting a significant increase in bond prices, despite the largest run of municipal-bond defaults in nearly a decade.  The rally has been driven by dynamics new and old, ranging from the extraordinary efforts of the Federal Reserve to back-stop the U.S. economy to the continued aversion of many voters to new municipal issuance. That resistance might result in borrowers missing out on one of the great issuance opportunities on record, at a time when many are being crushed by the falloff in taxes, fees and other revenues. | The Wall Street Journal | 08/15-16/2020 | Sebastian Pellejero |
|  |  |  |  |  |
| Fed Stimulus Is Resuscitating the High-Yield Bond Market | Issuance of U.S.-denominated high-yield bonds has already topped $44 billion this month…  The surge in issuance is a sign that the Federal Reserve’s bond-buying spree has helped resuscitate credit markets in the wake of the coronavirus pandemic, reopening the spigot for some o the riskiest corporate borrowers.  Fed Chairman Jerome Powell said last month that the goal was to “provide credit at times when the market has stopped functioning.”  The Fed’s pledge to do whatever it takes to support the economy is helping keep bond markets humming.  The effective yield for junk -rated borrowers is now hovering near 5.6%, down from its 2020 high of 11.4% on March 23, when the Fed unveiled its stimulus measures. | The Wall Street Journal | 08/15-16/2020 | Cezary Podkul |
|  |  |  |  |  |
| Retail Sales Top Precrisis Pace, But Risks to Recovery Remain | Retail sales – reflecting what households spent at service stations, stores, restaurants and online – rose 1.2% in July, the Commerce Department said Friday. That marked the third consecutive monthly gain as the U.S. strived to reopen its economy as much as possible despite the challenges posed by the coronavirus pandemic.  Many expect the economy to rebound this quarter after gross domestic product fell 9.5%, or 32.9% at an annual rate, in the second quarter. Economists expect output to grow at an 18.3% annual rate in the third quarter, according to a Wall Street Journal survey. | The Wall Street Journal | 08/15-16/2020 | Josh Mitchell and Suzanne Kapner |
|  |  |  |  |  |
| What’s News | U.S. stocks ended the week roughly where they started, leaving the S&P 500 hovering just below its February record. | The Wall Street Journal | 08/15-16/2020 |  |
|  |  |  |  |  |
| Shutdown Spurs Buffett To Unload Bank Stocks | Bank stocks have taken a big hit this year as the largest set aside tens of billions of dollars to account for potential loan losses.  Bank executives have said they believe the current recession will now be deeper and longer than initially expected. The KBW Nasdaq Bank Index has fallen 31% this year. | The Wall Street Journal | 08/15-16/2020 | Ben Eisen |
|  |  |  |  |  |
| Election Expected to Jar Markets | The investors are going beyond the normal hedging ahead of a potential change in power in Washington.  The election worries amplify existing concerns about the weak economy, a possible second wave of coronavirus infections in the fall and the highflying market. The bearish bet is that turmoil around the election hits the already fragile economy as the cooler months bring on more infections, all hitting the stock market that is priced for a recovery.  The main driver of the market now is the economy and uncertainty of a new stimulus package in Washington, which could hut the slow recovery recently seen in retail sales and jobs.  Markets tend to be volatile ahead of elections, and October and November tend to be the wildest months of the year anyway.  Fear surrounding the election appears even more intense this time around. Investors are paying more for VIX futures tied to October than September than they have in the past four election cycles going back to 2004, according to Stuart Kaiser, head of equity derivatives research at UBS Group AG.  Jack Ablin, chief investment officer at Cresset Capital in Chicago, said he is searching for ways to hedge against postelection chaos. Mr. Ablin is focusing on structured notes, which are customized investments sold by banks that promise to protect the original investment while providing some potential upside. | The Wall Street Journal | 08/17/2020 | Gunjan Banerji and Gregory Zuckerman |
|  |  |  |  |  |
| Stock Scenarios for a Madcap Year | It is said that stocks “climb a wall of worry,” meaning that when bad news and worry are reflected in stocks, it’s time to buy. Stocks peak when everyone stops worrying and it feels like nirvana. Kinda like now. Despite virus mania, it’s an Alfred E. Neuman stock market: “What, me worry?”  ● *Joe Biden wins; the Senate flips to the Democrats.* Stocks get nervous. President Biden wants to raise the top income-tax rate to 39.6%, the same for dividends and capital gains, and increase the corporate tax rates to 28% from 21%.  The Tax Foundation thinks this would reduce gross domestic product by 1.5% long-term – so at least there won’t be any inflation!  The bad news is that the net return for stocks may drop by a third, from a combination of less earnings per share and less cash on cash returns when a stock is sold. | The Wall Street Journal | 08/17/2020 | Andy Kessler |
|  |  |  |  |  |
| Buffet Bets on Gold: Here’s Why | The price of gold has jumped 30% in 2020 – out-stripping the rally in the technology-heavy Nasdaq Composite Index – in a bull run that began in late 2018 and has gathered momentum during the coronavirus pandemic.  There are two gold markets, closely linked because investment banks and other big players are active in both.  The first is the physical market, which brings together miners, refiners, jewelers, central banks, electronics manufacturers, banks and investors. London is the focal point, dating to the first gold rush from Brazil in 1697, according to the London Bullion Market Association…  The second market is the futures market, for swapping financial contracts based on gold.  Deals to buy, sell and lend gold in London are struck privately, rather than on an exchange.  Demand for bars and coins has shot up during the pandemic, said Robert Higgins, chief executive of Argent Asset Group, though clients are also selling to profit on rising prices.  “When things go crazy and the surety of everything is questioned, the two things everyone turn to are gold and silver,” he said. | The Wall Street Journal | 08/18/2020 | Joe Wallace |
|  |  |  |  |  |
| Pricey Stocks Spur Move to Commodities | The 2014-15 oil bust, a slowdown in China’s resource-hungry economy and persistently low inflation all deterred money managers from venturing into the risky world of commodity futures.  But this year’s rally in stocks and bonds is pushing investors into less conventional markets as they seek to carve out further returns.  Globally, assets under management in commodity funds jumped by the end of July to $570 billion, their highest level since 2011, according to Citi-group. Much of that increase stems from a flood of money entering the gold market, which soared to a record this month. But investors are also buying oil, industrial metals and agricultural products, according to Citigroup’s analysis.  Lingering questions over the pace of the global economic recovery have kept a lid on prices for commodities such as copper and crude oil, which remain well below their recent peaks.  A 2015 paper for the Yale International Center for Finance found commodities were positively correlated with inflation between 1959 and 2014. | The Wall Street Journal | 08/18/2020 | Joe Wallace |
|  |  |  |  |  |
| S&P 500 Jumps to a New High, Erasing Pandemic-Tied Losses | The S&P 500 closed at its highest level ever Tuesday, capping a rebound fueled by government stimulus and investor optimism about the world’s ability to manage the coronavirus pandemic.  The benchmark U.S. stock index rose 0.2% to close at 3389.78, surpassing its prior record of 3386.15 from Feb. 19 and erasing a plunge during February and March that ended the longest-running bull market ever. The S&P 500 is now up 4.9% this year.  The stock market’s turn-around reflects investors’ bets on a pickup next year in corporate earnings and economic activity. But many are struggling to reconcile the gains with the continuing health crisis that has killed more than 171,000 people in the U.S., sent unemployment to the highest level since the Great Depression, and spoiled the longest ever economic expansion.  The Fed’s intervention, in the process, pushed bond yield toward their lowest levels ever. Left with few other attractive options for returns in this environment, many investors said they saw little choice but to continue betting on stocks or risk missing out on the rally. | The Wall Street Journal | 08/19/2020 | Michael Wursthorn |
|  |  |  |  |  |
| U.S. – China Trade Talks Delayed, Not Derailed | U.S. and Chinese trade negotiators plan to confer by video in the coming days over progress in fulfilling terms of the “Phase One” trade deal and U.S. actions against Chinese technology firms, according to officials in both nations.  The talks, which had been previously reported, were thrown into doubt Tuesday night when President Trump said that he had canceled talks with China…  But afterward, Mr. Trump’s aides clarified that the president wasn’t talking specifically about the Phase One deal, but more generally.  Trade experts closely following the talks said the discussions on the Phase One deal were always more about symbolism than substance. | The Wall Street Journal | 08/20/2020 | Bob Davis and Lingling Wei |
|  |  |  |  |  |
| Fed Is Vague on timing of Steps to Lift Economy | Federal Reserve officials said at their meeting last month they expected the economy would require greater government support to recover from the coronavirus pandemic, though they didn’t signal at which of their coming meetings they would deploy those tools.  With interest rates already at low levels, some presidents of regional Fed banks have indicated it would make more sense for the central bank to provide additional support once virus infections have declined to a point that allows more commercial activity to resume. | The Wall Street Journal | 08/20/2020 | Nick Timiraos |
|  |  |  |  |  |
| Fed Caution Pours Cold Water on Stocks  *Minutes of meeting show central bank grappling with how to spur growth* | Stocks edged lower a day after the S&P 500 set its first record close since February, after Federal Reserve officials highlighted the uncertainties facing the economy.  The broad stock-market index fell 14.93 points, or 0.4%, to 3374.85. the Dow Jones Industrial Average declined 85.19 points, or 0.3%, to 27692.88. The technology-heavy Nasdaq Composite Index fell 64.38 points, or 0.6%, to 11146.46.  The S&P 500 has surged more than 50% from its lows in March and is up more than 5% for the year.  The yield on the benchmark 10-year Treasury note rose to 0.674% from 0.668% Tuesday.  A string of recent economic data have pointed to signs of a rebound in the American labor market, the manufacturing sector and consumer spending. But some investors remain nervous about the sustainability of a market rebound.  The recovery has been uneven. The biggest beneficiaries of the pandemic have included tach giants. They are poised to gain market share as e-commerce booms, and remote workers rely on videoconferencing, software and cloud computing more.  Major stock benchmarks in china and Hong Kong slipped as trade tensions between the U.S. and China continued to ratchet up. | The Wall Street Journal | 08/20/2020 | Anna Hirtenstein and Dawn Lim |
|  |  |  |  |  |
| Tech Stocks Rally, Push Nasdaq to Record | Technology stocks pulled major U.S. indexes higher, as a handful of companies continued to power the newly minted bull market.  Shares of Apple, Facebook and Microsoft all roe more than 2%. The gains propelled the S&P 500 up 10.66 points, or 0.3%, to 3385.51 by the end of the session.  The S&P 500’s tech and communication sectors have risen more than 60% and 40%, respectively, from the lows of March, helping to d rive the broad index this week toward its first record in about six months.  The new milestone solidified stocks’ move into a bull market from a bear.  The Dow Jones Industrial Average also rose, adding 46.85 points, or 0.2%, to 27739.73. | The Wall Street Journal | 08/21/2020 | Michael Wursthorn and Caitlin Ostroff |
|  |  |  |  |  |
| Unemployment Claims Rise, Signaling a Slowing Recovery | New applications for unemployment benefits rose last week after a series of declines, another sign the labor market’s recovery is cooling amid continuing disruptions due to the coronavirus pandemic.  Still, the data show the job market is improving, though more slowly than in the spring.  The number of people collecting unemployment benefits through regular state programs, which cover most workers, fell to about 14.8 million for the week ended Aug. 8. | The Wall Street Journal | 08/21/2020 | Eric Morath |
|  |  |  |  |  |
|  |  |  |  |  |
| What’s News | ♦ Home sales surged in July, signaling how much the pandemic is reshaping where and how Americans want to live during a period of social distancing and working from home. | The Wall Street Journal | 08/22-23/2020 |  |
|  |  |  |  |  |
| What’s News | ♦ The S&P 500 and Nasdaq closed at records, rising 0.3% and 0.4%, respectively, while the Dow industrials advanced 0.7%. | The Wall Street Journal | 08/22-23/2020 |  |
|  |  |  |  |  |
| U.S. Recovery Gains Steam While Others Sputter | The U.S. economy picked up momentum this month as companies shook off the effects of the pandemic-induced downturn, though recoveries in other parts of the world slowed, according to new surveys of purchasing managers.  The data released Friday suggest U.S. firms are seeing demand return as they reopen from the lockdowns imposed in the spring and early summer. They also indicate the economy has so far managed to weather July’s sharp rise in new infections and business closures that threatened to knock the recovery off course.  The Federal Reserve said last week that industrial production was still 8.2% below its level a year ago.  A rise in demand drove the August expansion, IHS Markit said, thanks to returning customers, new marketing campaigns and the easing of lock-downs overseas, which helped boost exports. | The Wall Street Journal | 08/22-23/2020 | David Harrison and Paul Hannon |
|  |  |  |  |  |
| ETF Boom Fuels Gold’s Sharp Rise | The 2020 gold rush in markets Is starting to unnerve even some longtime fans of precious metals.  Gold futures are near records and up about 28% for the year, while silver has more than doubled since hitting a multi-year low in March.  Many investors fear economic stagnation, an outbreak of inflation or some combination of the two – a recipe for rising demand for metals viewed as a store of value in trying times.  But with the rush into gold has come an increase in volatility that many traders don’t welcome.  Some traders blame the increasing popularity of exchange-traded funds that afford both retail and institutional investors cheaper, easier access to commodities such as gold, silver and other metals.  Investors tend to put money in metals when they are nervous about the economy and believe inflation will rise faster than interest rates.  Low inflation-adjusted interest rates have lifted stocks by making bonds less attractive, pushing many investors to take on more risk in equities. | The Wall Street Journal | 08/24/2020 | Amrith Ramkumar |
|  |  |  |  |  |
| In This Tech Market, Beware Rising Bond Yields | There has been a lot of concern recently about the stock market being top-heavy, dominated by just a handful of companies, and that this might spell trouble for future returns. But really, what we should worry about isn’t that the market is reliant on a few stocks. It’s that the market is reliant on a few very similar stocks.  The five biggest companies today – Apple, which passed $2 trillion in market value last week, Amazon, Microsoft, Alphabet and Facebook – make up 25% of the market value of the S&P 500.  The danger now is that the market is overly reliant on a group of companies that are all a bet on disruptive innovation… | The Wall Street Journal | 08/24/2020 | James Mackintosh |
|  |  |  |  |  |
| Money Funds Waive Fees to Keep Yields In Positive Range | Today, the income offered by those funds is evaporating as rates plummet. The Federal Reserve cut its short-term benchmark rate to between zero and 0.25% to calm markets in March and pledged to keep rates near zero for the near future. Three-month Treasury yields were 0.0928% as of Aug. 21, from 1.546% at the end of last year.  As U.S. money funds are forced to invest new cash into lower-yielding securities, their own yields are plunging.  Seven-day net yields for the average money fund slid to 0.05% in July from 1.31% at the end of 2019, according to research firm Crane Data. | The Wall Street Journal | 08/25/2020 | Dawn Lim |
|  |  |  |  |  |
| Rally Lifts Markets To Fresh Highs | U.S. stocks advanced to fresh highs, buoyed by investors’ optimism about a potential treatment for coronavirus.  The S&P 500 rose 34.12 points, or 1%, to 3431.28 on Monday, setting its third closing record in the past week.  The technology-heavy Nasdaq composite Index rose 67.92 points, or 0.6%, to 11379.72, its 37th record close this year.  The Dow Jones Industrial Average climbed 378.13 points, or 1.4%, to 28308.46. The blue chips are still 4.2% below February’s high. | The Wall Street Journal | 08/25/2020 | Anna Isaac and Ben Eisen |
|  |  |  |  |  |
| China’s Economy, Bouncing Ack, Gains on the U.S. | As much of the world struggled to contain the coronavirus, China’ recovery is gaining momentum, positioning it to further close its gap with the U.S. economy.  With the coronavirus smothered for now because of draconian control measures, J.P. Morgan recently boosted its 2020 China growth forecast to 2.5% from 1.3% in April. Economists at the World Bank and elsewhere have also upgraded their forecasts for China, the only major economy expected to grow this year. | The Wall Street Journal | 08/25/2020 | Jonathan Cheng |
|  |  |  |  |  |
| S&P and Nasdaq Extend Streak Of Record Highs | U.S. stocks set record again Wednesday, buoyed by more data pointing to an economic recovery and a continued rally in technology shares.  The S&P 500 index climbed 35.11 points, or 1%, to 3478.73, notching a fourth straight record close after bouncing back from its March lows.  The Nasdaq Composite also extended its recent record streak, making five straight with a gain of 198.59 points, or 1.7% to 11665.06. The technology stocks that dominate the index followed soon-to-be Dow component Salesforce.com higher.  The Dow Jones Industrial Average climbed 83.48 points, or 0.3%, to 28331.92. The blue-chip index is still more than 4% below February’s high. | The Wall Street Journal | 08/27/2020 | Anna Isaac and David Benoit |
|  |  |  |  |  |
| Fed Eases Inflation Target in Landmark Decision | The Federal Reserve approved a major shift in how it sets interest rates by dropping its longstanding practice of pre-emptively lifting them to head off higher inflation, a move likely to leave U.S. borrowing costs very low for a long time.  Had the strategy been adopted five years ago, the Fed would have likely delayed rate increases that began in late 2015, following seven years of short-term rates pinned near zero. It amounted to the most ambitious revamp of the central bank’s policy-setting framework since the Fed first approved a formal 2% inflation goal in 2012.  By signaling Thursday it wanted inflation to rise modestly above its 2% target, the Fed revealed how the global central bank principle of inflation targeting, widely adopted over the past quarter century, might have outlived its usefulness in a world of lower interest rates.  The revamp is designed to address the “reality of a quite difficult macroeconomic context of low interest rates, low inflation, relatively low productivity, slow growth, and those kinds of things” said Fed Chairman Jerome Powell during a conference broadcast online. “We’ve really got to work to find every scrap of leverage in helping stabilize the economy.”  Stocks rallied Thursday, with the S&P 500 up 5.82 points, or 0.2%, to close at a record 3484.55. Government bonds sold off, with the yield on the 10-year U.S. Treasury rising to 0.744% from 0.686% the day before, to a two-month high. Bond yields rise when prices fall. | The Wall Street Journal | 08/28/2020 | Nick Timiraos |
|  |  |  |  |  |
| Fed’s Easy Money Pumps Up Winners Like Apple, Housing | Winning investments this year include technology stocks, gold and, umm, lumber. Pieces of wood may not be as glitzy as Apple or bullion. But like them, lumber and other assets linked to home construction are big beneficiaries of the Federal Reserve. Helping home-building is one obvious way to help the economy.  The link from low rates to housing is obvious. Easy money from the Fed dragged the 30-year mortgage rate below 3% last month for the first time.  The Fed if offering cheap money, and home buyers are taking it: Weekly applications for mortgages to buy a home reached the highest this summer since Lehman Brothers collapsed in 2008, according to the Mortgage Bankers Association of America. | The Wall Street Journal | 08/28/2020 | James Mackintosh |
|  |  |  |  |  |
| What’s News | ♦ U.S. consumers boosted their spending in July, but more slowly than in prior months as new coronavirus infections rose and the expiration of enhanced unemployment checks loomed. | The Wall Street Journal | 08/29-30/2020 |  |
|  |  |  |  |  |
| Layoffs Resume As Firms Reassess Outlook  *Moves suggest the economic fallout of pandemic may last longer than expected* | A new wave of layoffs is washing over the U.S. as several big companies reassess staffing plans and settle in for a long period of uncertainty. | The Wall Street Journal | 08/29-30/2020 | Patrick Thomas, Sarah Chaney and Chip Cutter |
|  |  |  |  |  |
| Dow Turns Positive for the Year | The S&P 500 index wrapped up its best week since early July, driven by improving economic d ta and signals from the Federal Reserve that the central bank plans to keep interest rates low for an extended period.  Signa of progress toward a coronavirus vaccine and easing trade tensions with China have also given investors confidence.  The S&P 500 rose 23.46 points, or 0.7%, to 3508.01 on Friday…  The index ha set record closing highs in six consecutive trading sessions.  The Dow Jones Industrial Average climbed 161.60 points, or 0.6%, to 28653.87, returning to positive territory for the year for the first time since February. The technology-heavy Nasdaq composite advanced 70.30 points, or 0.6%, to 11695.63. Those indexes climbed 2.6% and 3.4%, respectively, for the week.  “Stimulus has carried the market quite far, but the real economy will have to catch up at some point,” said Chris Dillon, an investment specialist in the multiasset division at T. Rowe Price.  Yields on 10-year Treasurys are still higher than they have generally been in recent months, said Mr. Dillon of T. Rowe Price. Investors have been seeking extra incremental yield as compensation for the higher risk of inflation, especially after the Fed announced it would be more relaxed about inflation, he added. | The Wall Street Journal | 08/29-30/2020 | Anna Hirtenstein and Dawn Lim |

Prepare for it – A 65-years old American couple has a 48% chance that at least one of them will live to age 90, i.e., at least a 25-year life expectancy (source: Social Security Administration).

The material has been prepared or distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. This material contains information from sources believed to be reliable, however, the accuracy and completeness of the information is not guaranteed.

Any opinions and forecasts expressed in this material are those as of September 1, 2020 and are subject to change at any time, based on market and other conditions.  There is no guarantee that the current market will yield the same results as those in the past. The investment return and principal value of securities will fluctuate and may be worth more or less than original cost when sold.  Diversification does not assure or guarantee better performance and cannot eliminate the risk of investment losses.

Market Indexes are commonly accepted benchmarks for certain classes of securities.  Market indexes are comprised of individual stocks or bonds which are not actively managed and cannot be purchased directly by investors.

Because investors’ situations and objectives vary, this material is not intended to indicate suitability for any particular investor.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity.

We believe the sources to be reliable, however, the accuracy and completeness of the information is not guaranteed. In the event of any discrepancy, the sponsor’s valuation shall prevail.

Securities and advisory services offered through Independent Financial Group LLC, a registered broker-dealer and investment advisor, Member FINRA/SIPC. (OSJ: 12671 High Bluff Dr. Ste. 200, San Diego, CA 92130) Independent Financial Group LLC and Juengling & Associates are independently owned and operated.

Prepared by James M. Juengling.

Juengling & Associates