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FINANCIAL MARKET UPDATE
9/11/20

THE WEEK IN REVIEW

Major equity indexes had an unsteady week as mega-capitalization technology stocks injected volatility into the broader markets. The S&P 500 technology sector and Nasdaq fell into correction territory on Tuesday after declining more than 10% since last Wednesday. The S&P 500 technology sector's 81% astronomical rise from the market low in late March through September 2 led to elevated valuations in some stocks which some investors believed made the sector more vulnerable to a pull back. The S&P 500 posted its second straight weekly loss, the first consecutive weekly losses since early May. Oil prices also trekked downward as U.S. government data showed an increase in U.S. crude inventories after six consecutive weeks of declines, signaling uncertainty in demand. The 10-year U.S. Treasury yield edged down this week to below 0.7% as the equity sell-off sent investors into safer assets.

Core CPI increased 0.4% month over month and 1.7% year over year, beating estimates on both fronts. This data comes off the heels of the Federal Reserve's Jackson Hole conference where Fed Chair Jerome Powell announced a change to inflation targeting policy. The Fed will now be using average inflation targeting which could allow inflation to rise above the Fed's previous target of 2% after periods of persistently low inflation. Consumer borrowing increased by 3.6% month over month in July, representing an increase in loans taken for items such as retail, autos, and student loans. Consumer borrowing is being closely watched as it sends signals about consumers' willingness to take on more debt to support spending.

On the employment front, weekly jobless claims totaled 884,000 last week, above economists' estimate of 850,000. Continuing claims rose by 93,000 to 13.4 million from the week prior, marking the first increase since July. The Labor Department released their Job Openings and Labor Turnover Survey (JOLTS) for the month of July. The JOLTS data showed U.S. job openings rose by over 600,000 to 6.6 million. The large increases in job openings, in conjunction with rising continuing claims, suggests that the rapid rebound in employment experienced during the summer may be slowing partly due to employers experiencing difficulty with finding skilled workers for open jobs.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Initial Jobless Claims (Thousands)	884	1,566	▼
Continuing Jobless Claims (Thousands)	13,385	20,606	▼
Core Consumer Price Index (Y/Y)	1.7%	1.2%	▲
JOLTS Job Openings (Millions)	6.62	5.00	▲
NFIB Small Business Optimism	100.20	94.40	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	27665.64	-1.66%	-3.06%	1.95%
NASDAQ	10853.55	-4.06%	20.96%	32.85%
S&P 500	3340.97	-2.51%	3.41%	11.33%
MSCI EAFE	1897.15	1.44%	-6.86%	0.04%
Bbg Barclays Aggregate US	2379.31	0.16%	6.94%	7.66%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.11%	0.10%	1.94%
10-Year Treasury	0.67%	0.64%	1.74%

REPORTS DUE NEXT WEEK	LATEST
Retail Sales (Y/Y)	2.7%
Housing Starts (Millions Annualized)	1.50
Building Permits (Millions Annualized)	1.48
U. of Mich. Consumer Sentiment	74.10

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

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