

THE WEEK IN REVIEW

The three major U.S. equity averages ended the week slightly higher as strong earnings reports from several prominent financial sector companies were offset by the continued gridlock in Washington over a new relief package. The S&P 500 gained 0.2% for the week while the technology-heavy Nasdaq climbed 0.8%. Both indexes were helped by positive sentiment surrounding Apple's (AAPL) upcoming iPhone 12 release and Amazon's (AMZN) Prime Day events that kicked off on Tuesday. Turning to the stimulus impasse, the Trump Administration increased its preferred package to \$1.8 trillion last week in an encouraging sign a deal could be reached; however, House Democrats and Republican Senators rejected the new deal this week for several different reasons. President Trump's economic adviser, Larry Kudlow, mentioned in an interview this week that it would be difficult for lawmakers to execute a relief package before the November 3 election.

On the economic front, U.S. consumer prices increased for a fourth straight month in September, with the cost of automobiles rising by the most since 1969. Despite the rise, the Labor Department report showed inflation slowing amid excess capacity in the economy as it gradually recovers from the COVID-19 recession. The consumer price index (CPI) rose 0.2% last month after gaining 0.4% in August. A 6.7% jump in the prices of used cars and trucks again accounted for most of the increase in the CPI last month. The strong increases likely reflect a shortage of used motor vehicles amid avoidance of public transportation due to COVID-19 fears. Excluding the volatile food and energy components, the so-called core CPI climbed 0.2% after rising 0.4% in August.

Retail sales rose in September for the fifth consecutive month, delivering a boost of confidence amid a recent wave of signs that the economic recovery had lost momentum due to the pandemic's toll. The U.S. Commerce Department announced that retail sales grew 1.9% last month, up from August's increase of 0.6%. Spending rose across almost every type of store in September, with the biggest winners being clothing stores, where sales jumped 11.0%, and department stores, which saw a 9.7% increase. Since the summer, overall retail spending has improved enough to surpass pre-pandemic levels, rebounding from a near collapse in the spring.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Consumer Price Index (Y/Y)	1.4%	0.6%	▲
NFIB Small Business Optimism	104.0	100.6	▲
Retail Sales (M/M)	1.9%	8.6%	▼
U. of Mich. Consumer Sentiment	81.2	72.5	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	28606.31	0.07%	0.24%	5.94%
NASDAQ	11671.56	0.79%	30.08%	43.66%
S&P 500	3483.81	0.19%	7.83%	16.53%
MSCI EAFE	1870.46	-2.08%	-8.17%	-2.39%
Bbg Barclays Aggregate US	2376.77	0.25%	6.82%	7.21%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.09%	0.09%	1.65%
10-Year Treasury	0.75%	0.70%	1.74%

REPORTS DUE NEXT WEEK	LATEST
Leading Economic Indicators (Y/Y)	-4.7%
Existing Home Sales (Millions Annualized)	6.000
Housing Starts (Millions Annualized)	1.416
IHS Markit U.S. Manufacturing PMI	53.2
IHS Markit U.S. Services PMI	54.6

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