



Weekly Market Review

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The Week Ending September 28, 2019

For a second consecutive week, the S&P 500 Index closed in the red but maintained a low volatility stance as Friday marked the 16th straight day without a 1% move in either direction. The House of Representatives opening an impeachment inquiry against President Trump dominated headlines but didn't have much, if any, impact on the stock market. Once again, it was trade news that seemed to have the most significant impact on the stock market.

President Trump's impeachment inquiry is being compared to President Clinton's in 1998 when the Senate was not expected to convict, and the economy was growing. During this time, the tech market was leading the market higher, and the Federal Reserve was cutting rates. These factors and low expectations of a conviction kept politics from affecting the stock market. Currently, the stock market is very focused on trade. With the House focusing on impeachment, this could delay when trade deals are voted on in Congress, creating more uncertainty going forward.

August consumer spending and consumer confidence were reported weaker than expected last week as trade concerns made their way through the economy. These reports confirmed consumer sentiment reports from earlier in the month, where consumers cited trade worries for their less optimistic outlook for the economy. Last week's reports showed households are still seeing growth in their incomes, but this money is going to increase their savings rate rather than consumption. The consumer is still strong and doing its part to support the economy. However, if the impeachment inquiry pushes back when trade deals are ratified, the savings rate could continue to increase at a faster rate than consumption.

The Eurozone economy continues to face a slow down amid trade and Brexit uncertainty. German PMI was released last week, showing the manufacturing sector shrinking at the fastest rate in over a decade and pushing Eurozone PMI to the lowest level in six years. Eurozone PMI is still in expansion territory but shows the economy is growing at a very slow rate. This was a factor leading the U.S. dollar to trade at a two-year high. As the quarter ends and earnings season begins, we will begin to gain insight into how companies are handling trade uncertainty and the impact recent consumer reports are having on companies' bottom lines.



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