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U.S. Equities Stumble but Remain Positive Year to Date

MARKETS AND INVESTING
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Wednesday, stock indices fell to their lowest point since August on disappointing manufacturing and earnings data.

Just days after the third quarter closed, U.S. equity markets stumbled to their lowest point since August as manufacturing data came in at a 10-year low, and political tensions mounted. Disappointing data, namely lackluster private payroll numbers and a slump in manufacturing, along with weak earnings from automakers fueled concern of a slowing domestic economy. Businesses also remain reluctant to invest further given U.S.-China trade uncertainty. The question seems to be whether consumer spending will remain strong as bilateral negotiations continue this month and next.

The three major domestic stock indices declined with the Dow and the S&P 500 falling below their 100-day moving averages, a technical level monitored by many traders. However, all three indices show double-digit growth year to date, almost 12% for the Dow, 15% for the S&P 500 and 17% for the NASDAQ.

It's important to remember that manufacturing only represents about 10% of the domestic economy, which has weathered declines in this sector without a downturn in the overall economy, explains Raymond James Chief Economist Scott Brown. Although, he continues to monitor global weakness in manufacturing and trade tensions as he assesses risks to next year's growth outlook.

European equities and oil prices also slid, and bonds saw a boost. Some market observers are predicting another rate cut from the Federal Reserve this month. Your advisor will continue to monitor data as it comes in and share any new developments with you.

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