

Weekly Wrap

The past week was rife with noteworthy developments, but movement in the market was limited. The S&P 500 shed 0.5% while the Dow Jones Industrial Average underperformed, falling 1.1%.

Crude oil was in focus at the beginning of the week, after two refineries in Saudi Arabia were attacked on Saturday. Initial reports suggested that the attack impacted roughly 5% of total global oil output, but Saudi Arabia was able to restore a portion of the lost production in short order. Crude oil surged more than 15.0% at the Sunday open, partly due to a concern that a response to the attack could spark a regional conflict. However, those fears receded as the week went on while oil backed off its Sunday high, ending the week with a gain of \$3.21 or 5.9%.

Attention shifted to the overnight funding market on Tuesday after the repurchase rate jumped for the second consecutive day, indicating liquidity stress among primary dealers. The situation prompted the New York Fed to conduct repurchase operations on Tuesday, Wednesday, Thursday, and Friday.

On Wednesday, the September FOMC Statement called for a 25 bps fed funds rate range cut while interest on excess reserves (IOER) was lowered by 30 bps to 1.80% in an attempt to encourage more lending in the overnight market. The FOMC voted 7-3 in favor of Wednesday's decision, with St. Louis Fed President, James Bullard, voting for a 50-bps cut. Boston Fed President, Eric Rosengren, and Kansas City Fed President, Esther George, voted in favor of keeping the fed funds rate range unchanged. The Fed's dot plot showed that seven out of 17 Fed officials expect that another rate cut will be made in 2019, but the median projection does not point to any more rate cuts in 2019 or 2020.

There was some slight movement on the trade front at the end of the week, as the Trump administration granted temporary tariff exemptions for some products imported from China. The decision was made after trade officials from the two countries conducted low-level talks ahead of the next round of negotiations planned for October, but the positive vibes were short-lived. Reuters reported on Friday afternoon that the Chinese trade delegation cancelled its plan for a visit to farms in Montana.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	27219.52	26935.07	-284.45	-1.0	15.5
Nasdaq	8176.71	8117.67	-59.04	-0.7	22.3
S&P 500	3007.39	2992.07	-15.32	-0.5	19.4
Russell 2000	1578.14	1559.72	-18.42	-1.2	15.7

Related tickers: None

All News: All News

Weekly Wrap: Weekly Wrap

Rank : n/a