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Weekly Economic Update

March 2, 2020

In this week's recap: Major equity indices correct as Wall Street reacts to coronavirus updates, consumer confidence indices are at high levels, and the pace of new home sales increases.

THE WEEK ON WALL STREET

Stocks fell sharply last week as Wall Street considered how the coronavirus outbreak might influence global business activity and household spending.

The selloff became a correction for the U.S. markets. The S&P 500 retreated 11.49%; the Dow Jones Industrial Average, 12.36%; the Nasdaq Composite, 10.54%. The MSCI EAFE, tracking developed stock markets outside North America, had fallen 6.75% week-over-week by Friday's closing bell.

On Friday afternoon, Federal Reserve Chair Jerome Powell stated that central bank officials were willing to "use our tools and act as appropriate to support the economy."^{1,2,3}

STRONG CONSUMER CONFIDENCE, PLUS A BOOST FOR INCOMES

A trio of economic indicators, pertaining to U.S. households, looked solid last week. The Conference Board's Consumer Confidence Index notched consecutive months above 130 for the first time since July-August 2019, posting a 130.7 February mark. The University of Michigan's final February Consumer Sentiment Index came in at 101.0, ticking up from a preliminary 100.9.

Friday, the Department of Commerce reported that Americans increased their personal spending by 0.2% in January, while personal incomes improved 0.6%.^{4,5}

BUYERS HAVE FLOCKED TO NEW HOMES

New home sales, according to the Census Bureau, improved 7.9% in January; the annualized pace of new home buying was the best seen since July 2007. Year-over-year, sales were up 18.6%. Housing market analysts cited a favorable economy and favorable weather as factors.⁶

FINAL THOUGHT

Right now, there is no forecast for how the coronavirus outbreak may affect consumer demand or supply chains. The impact may not be known for months. But remember, your investment strategy should reflect your risk tolerance, time horizon, and goals, and it also should take into consideration periods of market volatility. Fear is driving decisions in the financial markets. Nobody would blame you if this uncertainty gave you a bit of anxiety as well.

TIP OF THE WEEK



A market drop also presents an occasion to buy shares of large companies at a potentially lower cost.

THE WEEK AHEAD: KEY ECONOMIC DATA

Monday: The Institute for Supply Management's latest factory activity index arrives.

Wednesday: Automatic Data Processing (ADP) publishes its February private payrolls report, and ISM's index of February service-sector business activity appears.

Friday: The Department of Labor presents its February employment report.

Source: MarketWatch, February 28, 2020

The MarketWatch economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

Tuesday: AutoZone (AZO), Ross Stores (ROST), Target (TGT)

Thursday: Costco (COST), Kroger (KR)

Source: Zacks.com, February 28, 2020

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Any investment should be consistent with your objectives, time frame, and risk tolerance. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

QUOTE OF THE WEEK




*“Time does not change us. It just **unfolds** us.”*

MAX FRISCH

Market Index	Close	Week	Y-T-D
DJIA	25,409.36	-12.36%	-10.96%
NASDAQ	8,567.37	-10.54%	-4.52%
MSCI-EAFE	1,867.64	-6.75%	-8.31%
S&P 500	2,954.22	-11.49%	-8.56%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.13%	-0.33%	-0.79%

Sources: The Wall Street Journal, February 28, 2020; Treasury.gov, February 28, 2020

The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite is measured from the close of trading on Friday, February 21 to the Friday, February 28 close. Weekly performance for the MSCI-EAFE is measured from the Friday, February 21 open to the Thursday, February 27 close. U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points. International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

THE WEEKLY RIDDLE



You see us regularly, but never at the same time. We appear everywhere but never in the same place. What are we?

LAST WEEK'S RIDDLE: Touching me is inevitable. I can send chills down spines. Even so, you may welcome me. What am I?

ANSWER: The wind.

Know someone who could use information like this?

Please feel free to send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

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CITATIONS:

- 1 - [wsj.com/market-data](https://www.wsj.com/market-data) [2/28/20]
- 2 - quotes.wsj.com/index/XX/MSCI%20GLOBAL/990300/historical-prices [2/28/20]
- 3 - tinyurl.com/sbs2f9h [2/28/20]
- 4 - investing.com/economic-calendar/cb-consumer-confidence-48 [2/25/20]
- 5 - marketwatch.com/tools/calendars/economic [2/28/20]
- 6 - marketwatch.com/story/new-home-sales-soar-to-highest-level-since-2007-2020-02-26 [2/26/20]

CHART CITATIONS:

- [wsj.com/market-data](https://www.wsj.com/market-data) [2/28/20]
- quotes.wsj.com/index/XX/MSCI%20GLOBAL/990300/historical-prices [2/28/20]
- quotes.wsj.com/index/SPX/historical-prices [2/28/20]
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