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# Weekly Economic Update

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*March 9, 2020*

*In this week's recap: U.S. stocks finish higher after a wild trading week; the Federal Reserve cuts short-term interest rates; Treasury yields decline; the latest jobs report out of Washington shows no falloff for hiring.*

## THE WEEK ON WALL STREET

Heightened coronavirus fears, falling yields, and Super Tuesday primary results sent stocks on a rollercoaster ride of sharp price swings, leaving stocks marginally higher for the week.

The Dow Jones Industrial Average improved 1.79%; the S&P 500, 0.61%; the Nasdaq Composite, 0.10%. Outside the U.S., developed equity markets tracked by the MSCI EAFE Index rose 2.60%.<sup>1,2</sup>

## A SWIFT FED DECISION

Wednesday morning, the Federal Reserve lowered its short-term interest rate by 0.5% to a range of 1.00%-1.25%, making its biggest cut since 2008. Addressing the media, Fed Chairman Jerome Powell said that the move was made to give the economy a “meaningful” lift and “help boost household and business confidence.”

The question is whether reducing borrowing costs can effectively address growing business and consumer anxieties about shopping, traveling, and gathering.<sup>3</sup>

## A PUSH TOWARD TREASURIES

The uncertainty on Wall Street has heightened demand for Treasury bonds. Their yields typically fall as their prices rise, and fall they did last week. The yield on the 10-year Treasury dipped under 0.70% during Friday's market day, an all-time low.<sup>4</sup>

## WINTER HIRING SURGE CONTINUES

The Department of Labor's latest employment report showed companies adding 273,000 net new hires last month. Net monthly payroll growth has averaged 243,000 since December.<sup>5</sup>

## WHAT'S AHEAD

The Fed's 50-basis-points cut in the federal funds rate has now shifted the sights of investors toward the European Central Bank, which is expected to make a policy announcement on March 12. The ECB has less room to maneuver than the Fed, since its key interest rate currently stands at -0.5%. Negative interest rates have done little to lift eurozone economies, which may necessitate more-creative monetary policy accommodation from the ECB's new president, Christine Lagarde.

Traders are also focused on whether the Federal Reserve will make another rate cut on March 18, when its next meeting concludes. The half-point rate cut this past week did little to soothe stock market concerns; opinions vary about what the central bank might choose to do next.<sup>6</sup>

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### TIP OF THE WEEK



*If you owe money on the vehicle you drive and would be hard-pressed to replace it in the case of a bad accident, make sure that you have an **auto insurance policy** with **comprehensive and collision** coverage.*

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## THE WEEK AHEAD: KEY ECONOMIC DATA

**Wednesday:** The Census Bureau publishes a new Consumer Price Index, showing monthly and yearly inflation.

**Friday:** The University of Michigan presents its initial Consumer Sentiment Index for March, measuring consumer confidence.

Source: MarketWatch, March 6, 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

**Monday:** Thor Industries (THO)

**Tuesday:** Dick's Sporting Goods (DKS)

**Thursday:** Adobe (ADBE), Broadcom (AVGO), Dollar General (DG), Oracle (ORCL), Ulta Beauty (ULTA)

Source: Zacks.com, March 6, 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.

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### QUOTE OF THE WEEK

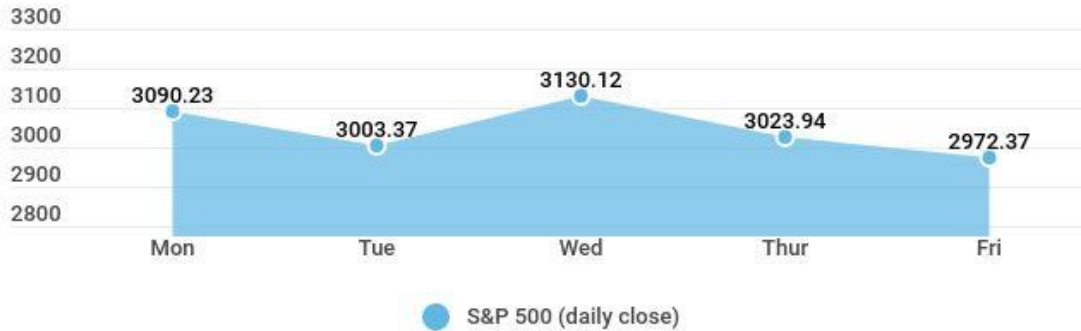


*“You can get everything in life **you want** if you will just help enough other people get what **they want**.”*

ZIG ZIGLAR

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Market Index	Close	Week	Y-T-D
DJIA	25,864.78	+1.79	-9.37%
NASDAQ	8,575.62	+0.10%	-4.42%
MSCI-EAFE	1,856.73	+2.60%	-8.85%
S&P 500	2,972.37	+0.61%	-8.00%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.74%	-0.39	-1.18%

Sources: The Wall Street Journal, March 6, 2020; Treasury.gov, March 6, 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 28 to the Friday, March 6 close. Weekly performance for the MSCI-EAFE is measured from the Friday, February 28 open to the Thursday, March 5 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.

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## THE WEEKLY RIDDLE



*A man says that where he lives, **1,500 plus 20** and **1,600 minus 40** equal the **same thing**, and his neighbors and coworkers all agree. Where is he living?*

*LAST WEEK'S RIDDLE: You see us regularly, but never at the same time. We appear everywhere but never in the same place. What are we?*

*ANSWER: Day and night.*

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### 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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- 1 - [wsj.com/market-data](https://www.wsj.com/market-data) [3/6/20]
- 2 - [quotes.wsj.com/index/XX/MSCI%20GLOBAL/990300/historical-prices](https://quotes.wsj.com/index/XX/MSCI%20GLOBAL/990300/historical-prices) [3/6/20]
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- 4 - [cnbc.com/2020/03/06/the-plunge-in-bond-yields-is-scary-now-but-could-be-helpful-later.html](https://www.cnbc.com/2020/03/06/the-plunge-in-bond-yields-is-scary-now-but-could-be-helpful-later.html) [3/6/20]
- 5 - [tinyurl.com/u7anpfg](https://tinyurl.com/u7anpfg) [3/6/20]
- 6 - [fxstreet.com/macroeconomics/central-banks/fed](https://www.fxstreet.com/macroeconomics/central-banks/fed) [3/6/20]

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