



Good morning!

Stock investors have been unnerved by the coronavirus's rapid spread into countries far from the outbreak's initial source in China. A 3% or greater drop in the S&P 500 stock index in a single trading day has occurred only 108 times since 1950, equal to once every 7.8 months. 3 drops of at least 3% in the same trading week, something that happened on Monday, Tuesday and Thursday last week, had last taken place in late October 2008. Last week's "back-to-back" losses of at least 3% (on Monday and Tuesday) for the stock index was just the 10th such occurrence since 1950. In the 9 previous times this has happened, the S&P 500 was "up" 1-year later each time, gaining between +6.2% to +45.0%, with all 9 gains averaging a +22.8% gain (source: BTN Research).

The yield on the 10-year Treasury is a closely watched barometer for the strength of the US economy. When government bond investors believe the economy is losing steam, they anticipate the Fed coming to the rescue (with lower rates), resulting in rising bond prices and lower yields. Bond investors went "all-in" last week on an expected Fed rate cut, pushing the yield on the 10-year Treasury note to 4 all-time closing lows (Tuesday through Friday). Friday's (2/28/20) closing yield of 1.127% on the 10-year Treasury note was the lowest in its 230-year trading history (source: Treasury Department).

The fear that the coronavirus could shave one percentage point or more off of global growth and stifle the worldwide demand for energy has sent oil prices tumbling. Friday's closing price of \$44.76 a barrel (its lowest in 14 months) has OPEC, led by Saudi Arabia, considering a cut in its oil production in order to drive oil prices higher (source: OPEC).

Notable Numbers for the Week:

1. **BORROW RIGHT NOW** - The **average interest rate** on a **30-year fixed rate mortgage** fell to **3.45% last week**, within 14 basis points of its **all-time record low of 3.31%** from 11/22/12 (source: Freddie Mac).
2. **HORNS, MUSIC AND MOUNTAINS** - The **3 hottest job markets** in calendar year 2019 for US cities with a population of at least 1 million people were **1) Austin, TX, 2) Nashville, TN and 3) Denver, CO**. The study is based on 5 measurements including unemployment rate and wage growth (source: Moody's Analytics).
3. **EVERYWHERE** - The coronavirus has infected people in **6 of the 7 continents globally**, i.e., in Africa, Asia, Australia, Europe, North America and South America, but not in **Antarctica** (source: CNN).
4. **GETTING BETTER** - American banks **repossessed 143,955 homes** in 2019, down 68% from **449,900 homes** repossessed in 2015 (source: ATTOM Data Solutions).

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