
Weekly Gains for Big Benchmarks

Weekly Update – February 18, 2020

The Week on Wall Street

Daily headlines about the coronavirus had little impact on stock market averages last week. Earnings and mergers had more influence.

All three Wall Street benchmarks improved. The Nasdaq Composite rose 2.21%, outpacing the S&P 500, up 1.58%, and the Dow Jones Industrial Average, up 1.02%. The MSCI EAFE index, which tracks developed overseas equity markets, added 0.17%.^{1,2}

Jerome Powell Testifies on Capitol Hill

Commenting that the economy is in a “very good place,” Federal Reserve Chairman Jerome Powell told congressional legislators that he did not currently see a significant recession risk.

“There’s nothing about this expansion that is unstable or unsustainable,” Powell remarked during his semi-annual report to the House Financial Services Committee. He did reiterate that the central bank was “carefully” watching the coronavirus outbreak, and that it could “very likely” have residual economic impact on the U.S.³

Yearly Inflation Reaches 2.5%

Consumer prices have not advanced to this degree since the 12-month period ending in October 2018. Underneath this January headline inflation number, core inflation (minus food and energy prices, which are often volatile) was up 2.3% year-over-year.

These numbers are from the Consumer Price Index, maintained by the Bureau of Labor Statistics. The Federal Reserve monitors inflation using its core personal consumption expenditures (PCE) index, which remains below the central bank’s 2% yearly inflation target.⁴

Gains in Retail Sales, Sentiment

The Census Bureau said retail sales were up 0.3% in the first month of the year, matching the consensus forecast of analysts polled by MarketWatch. Additionally, the University of Michigan’s preliminary February consumer sentiment index monitoring consumer confidence factors went back above 100 last week (100.9).⁵

Final Thought

The S&P 500 has risen more than 1% since the coronavirus surfaced. During the SARS epidemic of 2003, the MERS outbreak of 2013, and the 2015-16 Zika virus breakout, the index declined.⁶

THE WEEK AHEAD: KEY ECONOMIC DATA

Wednesday: The Federal Reserve releases minutes from its January meeting, and the Census Bureau presents data on January residential construction activity.

Friday: The National Association of Realtors issues its latest existing home sales report.

Source: MarketWatch, February 14, 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: Medtronic (MDT), Walmart (WMT)

Wednesday: Analog Devices (ADI), NetEase (NTES)

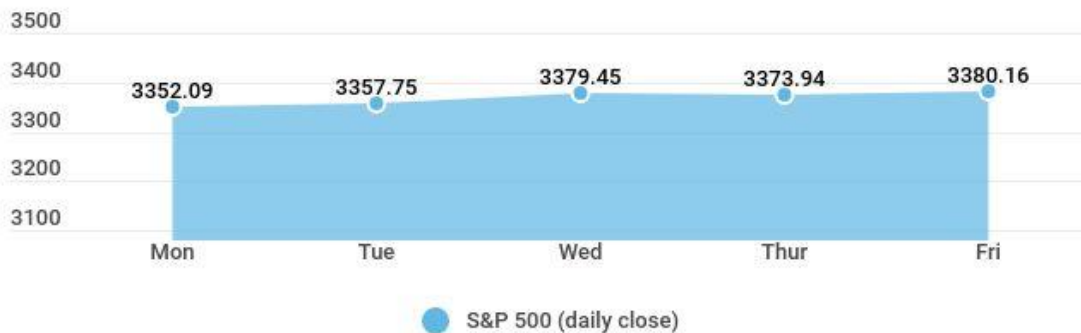
Thursday: Dominos (DPZ), Hormel Foods (HRL), Southern (SO)

Friday: Deere & Co. (DE), Royal Bank of Canada (RY)

Source: Zacks, February 14, 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.

Market Index	Close	Week	Y-T-D
DJIA	29,398.08	+1.02%	+3.01%
NASDAQ	9,731.18	+2.21%	+8.45%
MSCI-EAFE	2,033.74	+0.17%	-0.16%
S&P 500	3,380.16	+1.58%	+4.62%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.59%	0.00%	-0.33%

Sources: The Wall Street Journal, February 14, 2020; Treasury.gov, February 14, 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 7 to the Friday, February 14 close. Weekly performance for the MSCI-EAFE is measured from the Friday, February 7 open to the Thursday, February 13 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.

QUOTE OF THE WEEK



“Act as if what you do makes a difference. It does.”

– William James



Zippy French Toast



Serves 4

Ingredients:

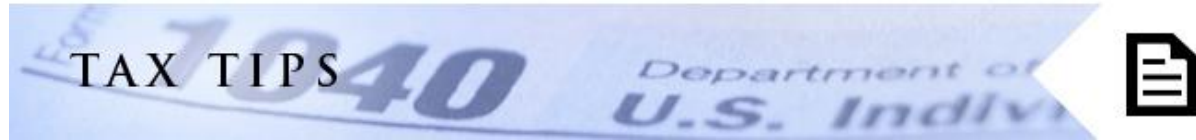
- 1 tsp. cinnamon
- ¼ tsp. nutmeg
- 2 Tbsp. sugar
- 4 Tbsp. butter
- 4 eggs
- ¼ cup whole milk
- ½ tsp vanilla extract
- 8 slices of your favorite bread
- ½ cup warm maple syrup
- 2 cups berries or favorite fruit

Directions:

1. In large bowl, mix spices and sugar.
2. Add butter to skillet over medium heat
3. Beat eggs with milk, vanilla, spice and sugar mix.
4. One at a time, immerse each bread slice to the egg, and then fry each side in skillet.
5. Garnish with berries and add syrup.

6. Serving suggestion: Jam or preserves make a nice change from syrup and berries.

Recipe adapted from foodnetwork.com⁷



5 Facts About Capital Gains

When you sell a capital asset like an investment or a piece of property, the sale can result in a capital gain or loss. The IRS defines a capital asset as “most property you own for personal use or own as an investment.” Here are six facts you should know about capital gains:

1. A capital gain or loss is the difference between what you originally paid for the asset (your basis) and the amount you get when you sell an asset.
2. You must include all capital gains in your income, and you may be subject to the Net Investment Income Tax if your income is above certain amounts. Consult a qualified tax expert for help.
3. The IRS allows you to deduct capital losses on the sale of investment property. You cannot deduct losses on the sale of property that you hold for personal use.
4. If your total net capital loss is more than the limit you can deduct, you can carry it over to next year’s tax return.

* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov⁸



The Myth of Always Hitting Your Regular Distance

H. Hugh Briss, who plays golf every weekend at the local country club, faces a 170-yard approach shot over a pond. When he's going good, Hugh can hit a 6-iron 170 yards. He selects his 6-iron. He hits it a little fat, and the ball plops into the water. Hugh, now peeved, was so confident he could reach the green.

Truth be told, Hugh was overconfident. He failed to account for a simple fact: we don't hit our regular distance all the time. Our approach shots often don't carry as far as we assume they will. When you really need to carry a hazard, take one club more than you think you might need. You might like the results. Remember, there is usually less trouble behind a green than in front of it.

Tip adapted from Pipestone Golf⁹



Eating To Your Heart's Content

Deciding to change your diet can feel daunting. It can be difficult to figure out which one is "best" for you. Many fad diets come and go, but there are a few that have stuck around, the most popular being the Mediterranean diet.

The Mediterranean diet is less of a traditional diet and more of a lifestyle shift toward healthier eating patterns. It's modeled after principles of Italian and Greek cuisine, which have remained relatively unchanged since the 1960s. Consuming this diet has been correlated with lower rates of heart disease, type 2 diabetes, and other chronic illnesses. The diet emphasizes eating more fruits, vegetables, legumes, nuts, seeds, fatty fish, whole grains, and olive oil and fewer meats and dairy products. The diet is flexible. Elimination isn't the intention, rather balance more toward nutrient-rich foods versus energy-dense ones.

Food is life, and making healthy choices can help support a healthier life. While the Mediterranean diet could be a good option for someone, no single diet will fit everyone's lifestyle, preferences, and health needs perfectly. So, be sure to discuss any dietary choices you make with your physician or registered dietitian first.

Tip adapted from Healthline.com¹⁰



Upgrading to an Eco-Friendly Fridge

Is your refrigerator running? If it's more than 10 years old, it may be time to upgrade with a more eco-friendly model. Besides saving money on your electric bill, you'll be reducing your carbon footprint at the same time.

The most efficient models, according to Energy Star, are refrigerators with freezers located on the top. It doesn't seem like a small change, but models with freezers on the bottom use an average of 560kWh compared to 360kWh.

The other big energy saver is to buy a model with LED lights. LED lights are roughly 80% more efficient than traditional light bulbs, which will reduce your energy consumption even further.

Tip adapted from Green Living Ideas¹¹

Share the Wealth of Knowledge!

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If you would like us to add them to our list,

you can have them check-out our web-site (<http://thebacagroup.com>)

We love being introduced!

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Investing involves risk including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values.

Diversification does not guarantee profit nor is it guaranteed to protect assets.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors.

The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The DJIA was invented by Charles Dow back in 1896.

The Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of stocks of technology companies and growth companies.

The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) that serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indices from Europe, Australia, and Southeast Asia.

The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

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Past performance does not guarantee future results.

You cannot invest directly in an index.

Consult your financial professional before making any investment decision.

Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

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¹ <https://www.wsj.com/market-data>

² <https://quotes.wsj.com/index/XX/MSCI%20GLOBAL/990300/historical-prices>

³ <https://finance.yahoo.com/news/powell-testimony-february-2020-us-economic-expansion-not-unstable-or-unsustainable-165916522.html>

⁴ <https://www.cnn.com/2020/02/13/us-consumer-price-index-rose-0point1percent-in-january-vs-0point2percent-expected.html>

⁵ <https://www.marketwatch.com/tools/calendars/economic>

⁶ <https://www.cnn.com/2020/02/13/us-futures-point-to-lower-open-on-wall-street.html>

⁷ <https://www.foodnetwork.com/recipes/robert-irvine/french-toast-recipe-1951408>

⁸ <https://www.irs.gov/taxtopics/tc409>

⁹ <https://www.pipestonegolf.com/blog/41-improve-approach-shots>

¹⁰ <https://www.healthline.com/nutrition/mediterranean-diet-meal-plan>

¹¹ <https://greenlivingideas.com/2019/10/14/buying-a-new-refrigerator-heres-how-to-get-an-eco-friendly-one-to-save-money-and-pollution/>