

In this week's recap: the Dow extends its win streak, Fed minutes reveal a little uncertainty, and home sales weaken again.



Weekly Economic Update

February 25, 2019

THE WEEK ON WALL STREET

Stocks rallied last week as optimism about a potential U.S.-China trade deal grew. The S&P 500 advanced 0.80% for the week to 2,792.67. The Nasdaq Composite improved 0.86% to 7,527.54, and the Dow Jones Industrial Average gained 0.64% to 26,031.81.

The renewed prospects for a trade pact were not the only development investors found appealing last week. There were indications that the Federal Reserve might be a bit less committed to its plans to raise interest rates further this year.^{1,2}

A LOOK AT THE FED MINUTES

There were no surprises from the Federal Reserve's Board of Governors, who released the transcript from their January meeting on Tuesday. Investors pore over the meeting minutes looking for clues about the Fed's next move on short-term interest rates.

Fed policymakers appeared split on what might be next. Some felt another rate hike was needed to help slow the strong economy, while others favored a "wait-and-see" approach.³

HOME SALES SLUMP

In January, existing home sales were at their slowest pace since November 2015 and down 8.5% year-over-year. One factor: rising home values. Last month, the median single-family home sale price was \$247,500, almost \$7,000 higher than a year ago.

Mortgage rates have now fallen for three consecutive weeks, a development that may influence home buying decisions in coming months. Thursday, a Freddie Mac survey found the average interest rate on a 30-year, fixed-rate loan at just 4.35%. (A 30-year, fixed-rate

mortgage is a conventional home loan meeting the lending requirements of Fannie Mae and Freddie Mac, but it is not guaranteed or insured by any government agency.)^{4,5}

FINAL THOUGHT

The Dow Jones and Nasdaq have posted gains for nine straight weeks and are now at levels unseen since early November. Concerns over volatility have decreased, but that does not mean it is off the table. Whatever the market does in the coming weeks and months, remember your investing strategy should be based on your goals, risk tolerance, and time horizon.²

TIP OF THE WEEK



Many companies that sponsor employee retirement plans offer matching contributions, sometimes even dollar for dollar. If your employer will match, make sure you contribute enough to get it. The match amounts to free money.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Fed chair Jerome Powell begins two days of testimony on monetary policy in the Senate.

Wednesday: The National Association of Realtors releases its latest pending home sales index.

Thursday: The federal government provides its first estimate of fourth-quarter economic growth.

Source: Econoday / MarketWatch Calendar, February 22, 2019

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 release of data may be delayed without notice for a variety of reasons, including the shutdown of the government agency or change at the private institution that handles the material.

THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

Tuesday: AutoZone (AZO), Home Depot (HD), Medpace (MEDP)

Wednesday: Apache (APA), Best Buy (BBY), Office Depot (ODP)

Thursday: Anheuser-Busch (BUD), Dell Technologies (DELL), Splunk (SPLK)

Source: Morningstar.com, February 22, 2019

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

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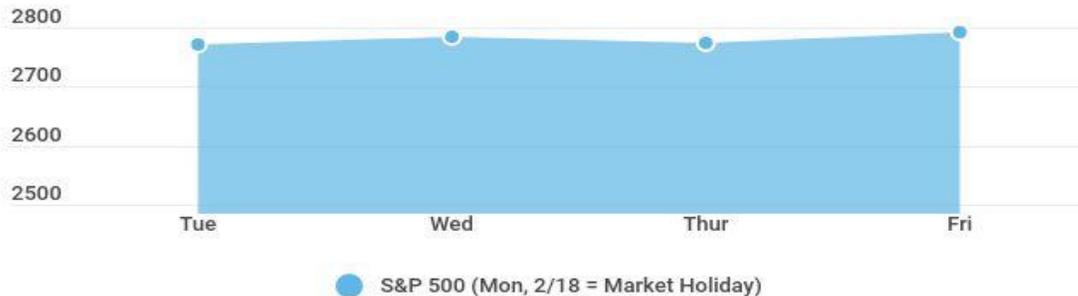
QUOTE OF THE WEEK



“Discipline is the bridge between goals and accomplishment.”

JIM ROHN

| Market Index | Close | Week | Y-T-D |
|--------------|-----------|--------|---------|
| DJIA | 26,031.81 | +0.64% | +11.59% |
| NASDAQ | 7,527.54 | +0.86% | +13.45% |
| MSCI-EAFE | 1,867.01 | +1.46% | +8.55% |
| S&P 500 | 2,792.67 | +0.80% | +11.40% |



| Treasury | Close | Week | Y-T-D |
|--------------|-------|--------|--------|
| 10-Year Note | 2.65% | -0.01% | -0.04% |

Sources: The Wall Street Journal, Feb. 22, 2019, Treasury.gov, Feb. 22, 2019

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 is measured from Monday's open of trading to Friday's close for the Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite. Weekly performance is measured from Friday's open to Thursday's close for MSCI-EAFE. 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



I can point in every direction, but I cannot reach a destination by myself. What am I?

LAST WEEK'S RIDDLE: Nancy was born in summer, yet she was born in January, how is this possible?

ANSWER: She was born in the southern hemisphere, which experiences summer during our winter.

Richard J. Falck, CFP®, CLU, ChFC

509 Professional Drive • P.O. Box 530 Northfield, MN 55057

Phone ~ 507-645-2993 • Toll Free ~ 800-601-6638

www.falckfinancial.com • rfalck@falckfinancial.com

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4101 Lake St. Louis Blvd., Lake St. Louis, Missouri 63367. (636) 625-0900

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- 1 - quotes.wsj.com/index/SPX [2/22/19]
- 2 - marketwatch.com/story/dow-reclaims-26000-and-ends-at-3-12-month-peak-as-stock-market-levitates-on-tariff-hope-2019-02-22 [2/22/19]
- 3 - bloomberg.com/news/articles/2019-02-20/fed-minutes-show-officials-unsure-on-need-for-rate-hikes-in-2019 [2/20/19]
- 4 - tradingeconomics.com/united-states/existing-home-sales [2/21/19]
- 5 - washingtonpost.com/business/2019/02/21/mortgage-rates-fall-third-week-row [2/21/19]

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