



122 Winnebago Street, Decorah, IA 52101
309 HWY 150 N, West Union, IA 52175

1-877-566-9468

Text: 563-412-4770

jknox@knoxfin.com

Visit us at www.knoxfin.com

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.

Weekly Economic Update

Presented by Jason Knox, AIF®, CRC, March 2, 2020

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.

Jason Knox, AIF ®, CRC ® may be reached at 1-877-566-9468 or jknox@knoxfin.com
www.knoxfin.com

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.)

Advisory services offered through Capital Analysts or Lincoln Investment, Registered Investment Advisers.

Securities offered through Lincoln Investment, Broker/Dealer, Member FINRA/SIPC. www.lincolninvestment.com

Knox Financial Services, LLC and the above firms are independent and non-affiliated.

IMPORTANT: Electronic mail sent through the internet is neither secure nor assured to be delivered on a timely basis. We strongly recommend that you do not send confidential personal information, such as social security numbers or account numbers, to us via electronic mail. Do not send time-sensitive or action-oriented messages to us via electronic mail. Unsolicited instructions to "buy" or "sell" a security or to conduct any other financial transaction may not be honored.

When you link to any of these websites provided here, we make no representation as to the completeness or accuracy of information provided at these sites. Nor are we liable for any direct or indirect technical or system issues or consequences arising out of your access to or use of these third-party sites. When you access one of these sites, you assume total responsibility for your use of the sites you are visiting.

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. The information herein has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All market indices discussed are unmanaged and are not illustrative of any particular investment. Indices do not incur management fees, costs and expenses, and cannot be invested into directly. All economic and performance data is historical and not indicative of future results. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is a market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard & Poor's 500 (S&P 500) is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The MSCI EAFE Index is a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. and Canada. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock Exchange (the "NYSE") and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the world's largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. MarketingPro, Inc. is not affiliated with any person or firm that may be providing this information to you. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.

CITATIONS:

- 1 - 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 [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]
- treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldAll [2/28/20]