



THE RUDD COMPANY
INVESTMENT MANAGEMENT AND CONSULTING

This Week's Economic Update

- Monday** Alphabet, Beazer Homes, Clorox, Gilead Sciences, Panasonic, Seagate Technology, Sysco, and The Hartford release earnings news Monday.
- Tuesday** ISM's January non-manufacturing PMI complements earnings from Allstate, AmeriGas, Anadarko Petroleum, Archer Daniels Midland, BP, Chubb, Electronic Arts, Estee Lauder, Genworth Financial, Mitsubishi, Pitney Bowes, Ralph Lauren, Snap, Viacom, Voya Financial, and Walt Disney Co.
- Wednesday** Earnings arrive from Chipotle, Cummins, Eli Lilly, General Motors, GlaxoSmithKline, Humana, MetLife, Prudential Financial, Spotify, Take-Two Interactive, and Valvoline; in the evening, Federal Reserve chair Jerome Powell takes questions at a Washington, D.C. town hall meeting.
- Thursday** Earnings roll call includes news from ArcelorMittal, Dunkin' Brands, Fiat Chrysler, Kellogg, L'Oréal, Marathon Petroleum, Mattel, Motorola Solutions, News Corp., Philip Morris, Twitter, Tyson Foods, and Yum! Brands.
- Friday** Exelon, Hasbro, and Phillips 66 present Q4 results.

Weekly Tip

At most businesses, sales and revenue ebb and flow across the year. Some astute short-term budgeting may help your business better manage the lean times. Start with a list of your essential, month-to-month costs, and see if you can plan to reduce any extra costs during the slow months.

Weekly Quote

"Have patience with all things, but chiefly have patience with yourself."

ST. FRANCIS DE SALES

Weekly Riddle

You can throw a ball 25' and make it come right back to you, without the ball hitting anything or being caught by anyone. How can you make this happen?

LAST WEEK'S RIDDLE: All around you in the day, and you will notice it in the dark. You can see it, but you will never hear it. What is it?

ANSWER: Light.



FEBRUARY BEGINS WITH SOME EXCELLENT ECONOMIC DATA

Payrolls swelled with 304,000 net new jobs last month, according to the Department of Labor's February employment report. (A Bloomberg survey of economists had projected a gain of 165,000.) The number of Americans temporarily laid off or working part time for economic reasons increased greatly in January as a consequence of the partial federal government shutdown; that left the unemployment rate (4.0%) and underemployment rate (8.1%) higher. Average hourly wages were up 3.2% year-over-year. Additionally, the factory sector expanded at a faster pace last month: the Institute for Supply Management's purchasing manager index improved 2.5 points to a mark of 56.6.

FED HINTS AT THE POSSIBILITY OF PAUSING RATE HIKES

The Federal Reserve made no interest rate move last week, but at its January 30 press conference, Fed chairman Jerome Powell had an interesting comment for the media: "We believe we can best support the economy by being patient before making any future adjustment to policy." To investors large and small, that remark sounded like a declaration that the central bank was ready to exercise extra caution in considering future rate increases. Powell noted the recent emergence of "some crosscurrents and conflicting signals about the [economic] outlook" as a factor.

HOW ARE CONSUMERS FEELING?

The latest readings on the country's two most-watched consumer confidence indices look good, but one just took a major fall. The Conference Board's monthly index went from a December mark of 126.6 to 120.2 in January. In its final January edition, the University of Michigan's consumer sentiment gauge displayed a 91.2 reading, up 0.5 points from its preliminary version.

MAJOR INDICES MAKE ANOTHER WEEKLY ADVANCE

Last week, the Dow Jones Industrial Average, S&P 500, and Nasdaq Composite all gained more than 1.3%, thanks in part to some of the developments mentioned above. The S&P rose 7.87% during January. Oil ended the week at \$55.31 on the NYMEX; gold, at \$1,322.60 on the COMEX.

MARKET INDEX	CLOSE	WEEK	Y-T-D
DJIA	25,063.89	+1.32	+7.44
NASDAQ	7,263.87	+1.38	+9.47
S&P 500	2,706.53	+1.57	+7.97
TREASURY	CLOSE	WEEK	Y-T-D
10 YEAR NOTE	2.70	-0.06	+0.01

Sources: wsj.com, treasury.gov - 2/1/19^{4,5,7}

Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends. Weekly and year-to-date market index returns are expressed as percentages. 10-year Treasury note yield = projected return on investment, expressed as a percentage, on the U.S. government's 10-year bond. Weekly and year-to-date 10-year Treasury note yield differences are expressed in basis points.

