

In this week's recap: the "yield curve" inverts for the first time this decade, the Federal Reserve adjusts its stance on interest rates, and the price of oil climbs.



Weekly Economic Update

March 25, 2019

THE WEEK ON WALL STREET

Friday, the yield of the 3-month Treasury bill exceeded the yield of the 10-year Treasury note for the first time in 12 years. For some analysts, this "inverted yield curve" may imply a short-term lessening of confidence. (Treasury yields move inversely to Treasury prices.)¹

As a result, the S&P 500 ended the week 0.94% lower. The Nasdaq Composite fell 0.80%, and the Dow Industrials lost 1.19%.^{2,3,4}

In contrast, the MSCI EAFE index following international stocks rose, gaining 0.52% for the week.⁵

FED SEES NO HIKES IN 2019

On Wednesday, the Federal Reserve held interest rates steady, but lowered its estimate of 2019 economic growth to 2.1%.

Last December, the central bank forecast two rate hikes in 2019. It now expects to leave rates unchanged this year, with one quarter-point hike projected for 2020.

This pivot may acknowledge a slight change in economic conditions. The Fed's latest policy statement noted that the "growth of economic activity has slowed from its solid rate in the fourth quarter."⁶

OIL HOVERS NEAR \$60

At Friday's closing bell, a barrel of West Texas Intermediate (NYMEX) crude oil was valued at \$58.85 on the New York Mercantile Exchange (NYMEX). Its value briefly climbed to \$60 earlier in the week.

Month-over-month, the price of WTI crude has risen nearly 5%. Historically, higher oil prices can have a significant impact on retail gasoline prices.⁷

WHAT'S NEXT

A U.S. delegation is scheduled to accompany Secretary of the Treasury Steven Mnuchin to China this week for further trade negotiations. Finally, Brexit will not occur this Friday, as the European Union has extended the United Kingdom's deadline in response to Prime Minister Theresa May's request.^{8,9}

TIP OF THE WEEK



When a baby comes along, it can be hard to stick to a household budget. Rather than struggle to meet old goals, adjust the budget in light of new realities. Refrain from abandoning budgeting in the wake of the change.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: The Conference Board's latest reading on consumer confidence.

Thursday: February pending home sales, and the federal government's second estimate of fourth-quarter Gross Domestic Product (GDP).

Friday: Reports on consumer spending and new home sales, and March's final University of Michigan consumer sentiment index, another measure of consumer confidence levels.

Source: Econoday / MarketWatch Calendar, March 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.

THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

Monday: Winnebago (WGO)

Tuesday: KB Home (KBH)

Wednesday: Lennar (LEN), Lululemon Athletica (LULU), Paychex (PAYX)

Thursday: Accenture (ACN)

Friday: Blackberry (BB), CarMax (KMX)

Source: Morningstar.com, March 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 than their original cost. Companies may reschedule when they report earnings without notice.

QUOTE OF THE WEEK



“Life engenders life. Energy creates energy. It is by spending oneself that one becomes rich.”

SARAH BERNHARDT

Market Index	Close	Week	Y-T-D
DJIA	25,502.32	-1.19%	+9.32%
NASDAQ	7,642.67	-0.80%	+15.18%
MSCI-EAFE	1,900.10	+0.52%	+10.48%
S&P 500	2,800.71	-0.94%	+11.72%



Treasury	Close	Week	Y-T-D
10-Year Note	2.44%	-0.15%	-0.25%

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



Determine the numeral between 1 and 100 that is also nine times the sum of its digits.

LAST WEEK'S RIDDLE: Only one bachelor has served as President of the United States. Who was he?

ANSWER: James Buchanan.

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