

*In this week's recap: solid gains for U.S. equities, a second shutdown avoided, and interesting developments regarding inflation and retail sales.*

# Weekly Economic Update

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*Presented by Fulcrum Financial Group, February 18, 2019*

## THE WEEK ON WALL STREET

Stocks ended a good week on a high note, as hints of progress in U.S.-China trade talks encouraged investors.

When the closing bell rang Friday, the S&P 500 settled at 2,775.60, after rising 2.50% in five days. The Dow Industrials gained 3.09% to close Friday at 25,883.25. The Nasdaq Composite improved 2.39% to 7,472.41.<sup>1,2</sup>

## SHUTDOWN AVERTED

Wall Street breathed a sigh of relief late last week as Congress passed a bill to keep the federal government funded. President Trump signed the measure on Friday.

The development is expected to have a positive effect on consumer sentiment, which may influence the financial markets. During the shutdown, consumer confidence hit an 18-month low.<sup>3,4</sup>

## RETAIL SALES UNEXPECTEDLY SLIP

Thursday, the Census Bureau announced that retail sales fell 1.2% in December. This was the largest monthly decline in more than nine years and fell short of expectations. Economists polled by Bloomberg anticipated a small gain.

Was the slow December mostly a reflection of consumer anxieties about the shutdown and the stock market? If so, it is possible that retail spending may see an uptick. (It should be noted that these monthly numbers are often revised later.)<sup>5</sup>

## INFLATION HOLDS STEADY

The Consumer Price Index, the most widely followed measure of inflation, was flat in January for a third consecutive month. Year-over-year, overall inflation is running at just 1.6%.

The CPI is one of the key factors the Fed considers when assessing the economy and determining what lies ahead for interest rates.<sup>6</sup>

## WHAT'S AHEAD

U.S. and Chinese negotiators face a March 1 deadline to reach a deal to extend the current tariff truce. In March, tariffs on many Chinese imports could rise to 25% from 10%. President Trump said Friday that he is open to postponing the March deadline if it appears an agreement may be near.<sup>7</sup>

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### TIP OF THE WEEK



*Remember that **state tax laws sometimes differ from federal ones**. When you prepare your state tax return, **keep an eye out** for any differences between new federal law and your state's requirements.*

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## THE WEEK AHEAD: KEY ECONOMIC DATA

**Monday:** Presidents' Day holiday (U.S. financial markets closed).

**Wednesday:** Minutes of the January Federal Reserve policy meeting are released.

**Thursday:** January existing home sales.

**Friday:** Federal Reserve Vice Chairman Richard Clarida speaks in New York.

Source: Econoday / MarketWatch Calendar, February 15, 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:** Devon Energy (DVN), Walmart (WMT)

**Wednesday:** Analog Devices (ADI), CVS Health (CVS)

**Thursday:** Domino's (DPZ), Fluor (FLR), Intuit (INTU), Kraft Heinz (KHZ)

Source: Morningstar.com, February 15, 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.

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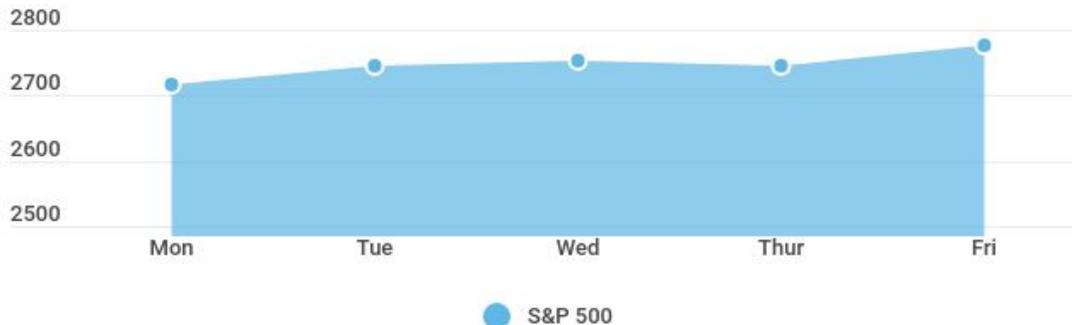
### QUOTE OF THE WEEK



*“We cannot **control** the evil tongues of others; but **a good life** enables us to **disregard** them.”*

CATO THE ELDER

Market Index	Close	Week	Y-T-D
DJIA	25,883.25	+3.09%	+10.96%
NASDAQ	7,472.41	+2.39%	+12.62%
MSCI-EAFE	1,822.51	+1.33%	+6.33%
S&P 500	2,775.60	+2.50%	+10.72%



	Treasury	Close	Week	Y-T-D
	10-Year Note	2.66%	+0.03%	-0.03%

Sources: The Wall Street Journal, Feb. 15, 2019, Treasury.gov, Feb 15, 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.

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## THE WEEKLY RIDDLE



Nancy was born in *summer*, yet she was born in *January*, how is this possible?

*LAST WEEK'S RIDDLE: I have no eyes, ears, tongue, or nose, yet I have the power to see, hear, taste, and smell everything. What am I?*

*ANSWER: Your brain.*

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