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In this week's recap: stock indexes rise, Jerome Powell reports on monetary policy to Congress, inflation hits a 15-month peak, and new data on retail sales and consumer sentiment appears.

Weekly Economic Update

Presented by Jason Knox, AIF®, CRC®, February 17, 2020

THE WEEK ON WALL STREET

Daily headlines about the coronavirus had little impact on stock market averages last week. Earnings and mergers had more influence.

All three Wall Street benchmarks improved. The Nasdaq Composite rose 2.21%, outpacing the S&P 500, up 1.58%, and the Dow Jones Industrial Average, up 1.02%. The MSCI EAFE index, which tracks developed overseas equity markets, added 0.17%.^{1,2}

JEROME POWELL TESTIFIES ON CAPITOL HILL

Commenting that the economy is in a “very good place,” Federal Reserve Chairman Jerome Powell told congressional legislators that he did not currently see a significant recession risk.

“There’s nothing about this expansion that is unstable or unsustainable,” Powell remarked during his semi-annual report to the House Financial Services Committee. He did reiterate that the central bank was “carefully” watching the coronavirus outbreak, and that it could “very likely” have residual economic impact on the U.S.³

YEARLY INFLATION REACHES 2.5%

Consumer prices have not advanced to this degree since the 12-month period ending in October 2018. Underneath this January headline inflation number, core inflation (minus food and energy prices, which are often volatile) was up 2.3% year-over-year.

These numbers are from the Consumer Price Index, maintained by the Bureau of Labor Statistics. The Federal Reserve monitors inflation using its core personal consumption expenditures (PCE) index, which remains below the central bank's 2% yearly inflation target.⁴

GAINS IN RETAIL SALES, SENTIMENT

The Census Bureau said retail sales were up 0.3% in the first month of the year, matching the consensus forecast of analysts polled by MarketWatch. Additionally, the University of Michigan's preliminary February consumer sentiment index monitoring consumer confidence factors went back above 100 last week (100.9).⁵

FINAL THOUGHT

The S&P 500 has risen more than 1% since the coronavirus surfaced. During the SARS epidemic of 2003, the MERS outbreak of 2013, and the 2015-16 Zika virus breakout, the index declined.⁶

TIP OF THE WEEK



*If you have accumulated **multiple retirement plan accounts** over the years, you may want to consider **consolidating** some of those balances into **one account**, as a move to **simplify** your retirement savings effort.*

THE WEEK AHEAD: KEY ECONOMIC DATA

Wednesday: The Federal Reserve releases minutes from its January meeting, and the Census Bureau presents data on January residential construction activity.

Friday: The National Association of Realtors issues its latest existing home sales report.

Source: MarketWatch, February 14, 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: Medtronic (MDT), Walmart (WMT)

Wednesday: Analog Devices (ADI), NetEase (NTES)

Thursday: Dominos (DPZ), Hormel Foods (HRL), Southern (SO)

Friday: Deere & Co. (DE), Royal Bank of Canada (RY)

Source: Zacks.com, February 14, 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.

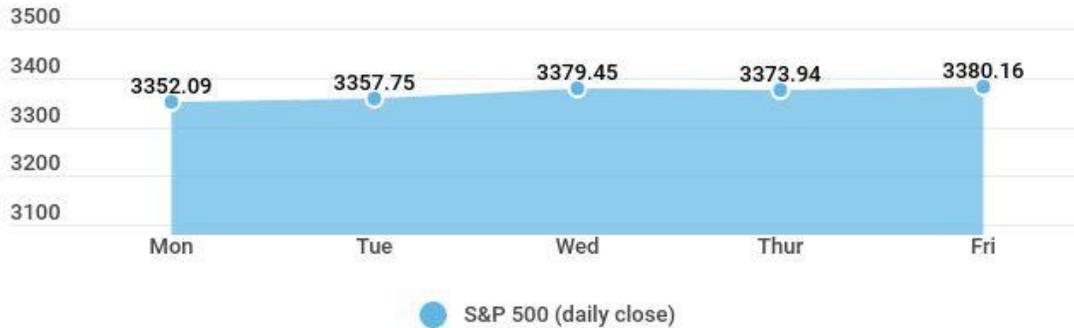
QUOTE OF THE WEEK



*“Sooner or later we all **quote** our **mothers**.”*

BERN WILLIAMS

Market Index	Close	Week	Y-T-D
DJIA	29,398.08	+1.02%	+3.01%
NASDAQ	9,731.18	+2.21%	+8.45%
MSCI-EAFE	2,033.74	+0.17%	-0.16%
S&P 500	3,380.16	+1.58%	+4.62%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.59%	0.00%	-0.33%

Sources: The Wall Street Journal, February 14, 2020; Treasury.gov, February 14, 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 7 to the Friday, February 14 close. Weekly performance for the MSCI-EAFE is measured from the Friday, February 7 open to the Thursday, February 13 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



*Four women sit down to **play**, playing after the end of the day, playing for **cash**, not for fun, a separate **score** for everyone. Not one lost, and **all gained**. Now that you've heard this, can you explain ... what they did, and why it happened this way?*

LAST WEEK'S RIDDLE: You can rest on my pad without touching the keys. I will sing all month long as long as you pay your fees. What am I?

ANSWER: A smartphone.

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- 2 - quotes.wsj.com/index/XX/MSCI%20GLOBAL/990300/historical-prices [2/14/20]
- 3 - tinyurl.com/tu8tre5 [2/11/20]
- 4 - [cnn.com/2020/02/13/us-consumer-price-index-rose-0point1percent-in-january-vs-0point2percent-expected.html](https://www.cnn.com/2020/02/13/us-consumer-price-index-rose-0point1percent-in-january-vs-0point2percent-expected.html) [2/13/20]
- 5 - [marketwatch.com/tools/calendars/economic](https://www.marketwatch.com/tools/calendars/economic) [2/14/20]
- 6 - [cnn.com/2020/02/13/us-futures-point-to-lower-open-on-wall-street.html](https://www.cnn.com/2020/02/13/us-futures-point-to-lower-open-on-wall-street.html) [2/13/20]

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