

*In this week's recap: coronavirus concerns ripple through global stock markets; the Fed makes a slight monetary policy adjustment; consumer confidence rises; the government makes its first estimate of fourth-quarter growth.*

# Weekly Economic Update

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*Presented by Michael J. Levine, February 3, 2020*

## THE WEEK ON WALL STREET

Stock benchmarks declined for a second straight week as coronavirus news tempered risk appetite.

The S&P 500 fell 2.14% on the week. The Nasdaq Composite dipped 1.76%, and the Dow Jones Industrial Average, 2.55%. Away from North America, developed markets slumped 2.24%, according to MSCI's EAFE index.<sup>1,2</sup>

## THE FED MAKES A MINOR MOVE

The Federal Reserve left short-term interest rates alone at its January meeting, but it did make what Fed chairman Jerome Powell called a “small technical adjustment” in view of its continuing purchases of Treasuries. Wednesday, it slightly increased the interest rate paid to banks that park excess capital reserves at the Fed.

The move may give the Fed a bit more control over short-term rates this quarter and assist the operations of U.S. financial markets.<sup>3</sup>

## ENCOURAGING NEW CONSUMER DATA

Rising to 131.6 in January, the Conference Board's Consumer Confidence Index reached its highest level since August. Consumer spending increased 0.3% in December, according to a new Department of Commerce report.<sup>4,5</sup>

## ECONOMY EXPANDED AT A 2.1% PACE IN FOURTH QUARTER

The Bureau of Economic Analysis released this estimate Thursday. That number matches the gross domestic product of the third quarter and affirms that the U.S. avoided a fall slowdown.<sup>6</sup>

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## TIP OF THE WEEK



*Auto insurance providers offer a wide range of **discounts**, perhaps wider than many consumers realize. They may lower rates for good drivers, honor students, seniors, long-time customers, or households or companies insuring multiple cars or trucks. **Asking** about a carrier's variety of discounts could lead to **savings**.*

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## THE WEEK AHEAD: KEY ECONOMIC DATA

**Monday:** The latest snapshot of factory sector health from the Institute for Supply Management, presenting January data.

**Wednesday:** ISM's January report on the state of non-manufacturing businesses and the latest private-sector payrolls report from Automatic Data Processing (ADP).

**Friday:** The Department of Labor releases its January employment report.

Source: MarketWatch, January 31, 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

**Monday:** Alphabet (GOOG), Sysco (SYY)

**Tuesday:** BP (BP), Fiserv (FISV), Gilead Sciences (GIL), Walt Disney (DIS)

**Wednesday:** GlaxoSmithKline (GSK), Merck (MRK), Qualcomm (QCOM), Toyota (TM)

**Thursday:** Bristol-Myers Squibb (BMY), Cigna (CI), Philip Morris (PM), Sanofi (SNY)

**Friday:** AbbVie (ABBV), Honda (HMC), Novo Nordisk (NVO)

Source: Zacks.com, January 31, 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.

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#### QUOTE OF THE WEEK

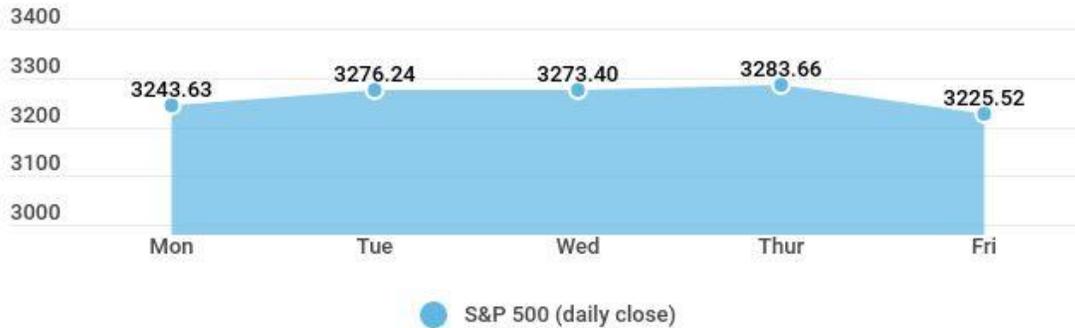


*“Management is nothing more than **motivating** other people.”*

LEE IACocca

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Market Index	Close	Week	Y-T-D
DJIA	28,256.03	-2.55%	-0.99%
NASDAQ	9,150.94	-1.76%	+1.99%
MSCI-EAFE	1,999.03	-2.24%	-1.86%
S&P 500	3,225.52	-2.14%	-0.16%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.51%	-0.19%	-0.41%

Sources: The Wall Street Journal, January 31, 2020; Treasury.gov, January 31, 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, January 24 to the Friday, January 31 close. Weekly performance for the MSCI-EAFE is measured from the Friday, January 24 open to the Thursday, January 30 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



There is a **word** for a **place** in Europe, a place where many travelers like to go. But if you **take the first letter** of this word and **put it at the end** of the other four letters in the word, you have something no one likes. What is this word?

LAST WEEK'S RIDDLE: I'm a word some use to measure bits of time, but you won't find me on a clock or anything that chimes. I will never fit upon a clock face, but I am used to identify a place. What word am I?

ANSWER: Mississippi (e.g. one Mississippi, two Mississippi, three Mississippi...).

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### 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.)

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#### CITATIONS:

- 1 - [wsj.com/market-data](https://www.wsj.com/market-data) [1/31/20]
- 2 - [quotes.wsj.com/index/XX/MSCI%20GLOBAL/990300/historical-prices](https://quotes.wsj.com/index/XX/MSCI%20GLOBAL/990300/historical-prices) [1/31/20]
- 3 - [marketwatch.com/story/fed-holds-benchmark-interest-rate-steady-sees-economy-growing-at-moderate-pace-2020-01-29](https://www.marketwatch.com/story/fed-holds-benchmark-interest-rate-steady-sees-economy-growing-at-moderate-pace-2020-01-29) [1/29/20]
- 4 - [investing.com/economic-calendar/cb-consumer-confidence-48](https://www.investing.com/economic-calendar/cb-consumer-confidence-48) [1/28/20]
- 5 - [investing.com/economic-calendar/personal-spending-235](https://www.investing.com/economic-calendar/personal-spending-235) [1/31/20]
- 6 - [marketwatch.com/story/economy-grows-21-in-the-4th-quarter-as-gdp-gets-big-boost-from-falling-trade-deficit-2020-01-30](https://www.marketwatch.com/story/economy-grows-21-in-the-4th-quarter-as-gdp-gets-big-boost-from-falling-trade-deficit-2020-01-30) [1/30/20]

#### CHART CITATIONS:

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