

In this week's recap: Continuing concerns over COVID-19, aided by cuts in oil production overseas, contributed to continued market volatility.

Weekly Economic Update

Presented by Jason Knox, AIF®, CRC®, March 16, 2020

THE WEEK ON WALL STREET

Markets remained exceptionally volatile, buffeted by the spreading impact of coronavirus, uncertain responses from federal policymakers, and the sudden drop in oil prices.

The Dow Jones Industrial Average fell 10.36%, while the S&P 500 declined 8.79%. The Nasdaq Composite index slid 8.18% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, dropped 17.75%.^{1,2}

MARKETS GRAPPLE WITH UNCERTAINTY

A dispute between Saudi Arabia and Russia over oil production cuts, mounting fears of the coronavirus, the declaration of the COVID-19 as a global pandemic by the World Health Organization, and the news of a travel ban from Europe unsettled markets throughout the week.

Stock trading was halted twice by circuit breakers, which are designed to briefly stop trading when losses in the S&P 500 reach 7%. Stocks sold off sharply Thursday before ending a tumultuous week with a strong rebound on Friday.³

TROUBLES IN THE OIL PATCH

The failure of Russia to join Saudi Arabia in supporting lower oil production targets left Saudi Arabia fuming. In response, Saudi Arabia announced its intention to raise oil output.

Oil prices plummeted on the news, contributing to the stock market's drop on Monday. While lower oil prices may represent a boon to consumers in the form of lower gasoline prices and relief to companies with high energy consumption (e.g., airlines, chemical), they also pose a risk to the American energy industry. If low oil prices persist, it may lead to lower capital expenditures and potential issues in the credit markets as less-well-capitalized companies struggle to manage their debt obligations.⁴

FINAL THOUGHT

The world's central bankers have already taken several steps to combat the economic impact of the coronavirus, including lowering short-term interest rates. The financial markets are now looking for a response from the U.S. government. In evaluating any actions from the federal government, investors may focus on the size and timing of policy proposals to determine if they can reduce current levels of economic uncertainty.

TIP OF THE WEEK



Are you in your fifties and providing eldercare to one or both of your parents? As you help them in their retirements, remember not to neglect your own retirement planning, as these years of your life are among the most important for that effort.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Retail Sales, JOLTS Report (Job Openings and Labor Turnover Survey), Industrial Production

Wednesday: Housing Starts, FOMC (Federal Open Market Committee) Announcement

Thursday: Leading Economic Indicators

Friday: Existing Home Sales

Source: Econoday, March 13, 2020

The Econoday 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: Coupa Software (Coup)

Tuesday: FedEx Corp. (FDX), MongoDB (MDB)

Wednesday: General Mills (GIS), Ctrip.com (TCOM)

Thursday: Tencent Holdings (TCEHY), Lennar (LEN)

Friday: Tiffany & Co. (TIF), BMW (BAMXF)

Source: Zacks, March 13, 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.

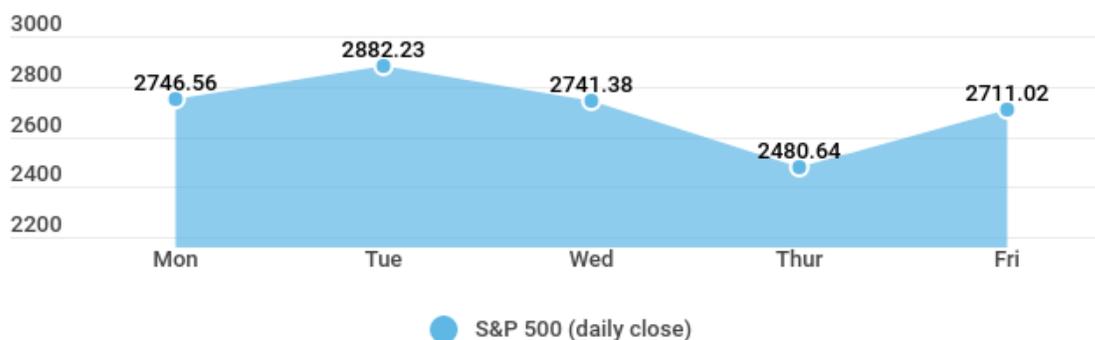
QUOTE OF THE WEEK



“Character is the virtue of hard times.”

CHARLES DE GAULLE

Market Index	Close	Week	Y-T-D
DJIA	23,185.62	-10.36%	-18.76%
NASDAQ	7,874.23	-8.18%	-12.24%
MSCI-EAFE	1,491.75	-17.75%	-26.77%
S&P 500	2,711.02	-8.79%	-16.09%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.99%	+0.25%	-0.93%

Sources: The Wall Street Journal, March 13, 2020; Treasury.gov, March 13, 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, March 6 to the Friday, March 13 close. Weekly performance for the MSCI-EAFE is measured from the Friday, March 6 open to the Thursday, March 12 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



What can fill a room, yet takes up no physical space?

LAST WEEK'S RIDDLE: A man says that where he lives, 1,500 plus 20 and 1,600 minus 40 equal the same thing, and his neighbors and coworkers all agree. Where is he living?

ANSWER: On a military base.

Jason Knox, AIF®, CRC® may be reached at 1-877-566-9468 or info@knoxfin.com
www.knoxfin.com

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.)

Advisory services offered through Capital Analysts or Lincoln Investment, Registered Investment Advisers.

Securities offered through Lincoln Investment, Broker/Dealer, Member FINRA/SIPC. www.lincolninvestment.com

Knox Financial Services, LLC and the above firms are independent and non-affiliated.

IMPORTANT: Electronic mail sent through the internet is neither secure nor assured to be delivered on a timely basis. We strongly recommend that you do not send confidential personal information, such as social security numbers or account numbers, to us via electronic mail. Do not send time-sensitive or action-oriented messages to us via electronic mail. Unsolicited instructions to "buy" or "sell" a security or to conduct any other financial transaction may not be honored.

When you link to any of these websites provided here, we make no representation as to the completeness or accuracy of information provided at these sites. Nor are we liable for any direct or indirect technical or system issues or consequences arising out of your access to or use of these third-party sites. When you access one of these sites, you assume total responsibility for your use of the sites you are visiting.

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. The information herein has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All market indices discussed are unmanaged and are not illustrative of any particular investment. Indices do not incur management fees, costs and expenses, and cannot be invested into directly. All economic and performance data is historical and not indicative of future results. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is a market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard

& Poor's 500 (S&P 500) is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock Exchange (the "NYSE") and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the world's largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. MarketingPro, Inc. is not affiliated with any person or firm that may be providing this information to you. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. 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. 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.

CITATIONS:

1 – wsj.com/market-data [3/13/20]

2 – quotes.wsj.com/index/XX/990300/historical-prices [3/13/20]

3 – cnbc.com/2020/03/12/stock-futures-hit-a-limit-down-trading-halt-for-a-second-time-this-week-heres-what-that-means.html [3/12/20]

4 – cnbc.com/2020/03/09/cramer-9-or-10-oil-companies-may-go-bankrupt-amid-crude-declines.html [3/10/20]

CHART CITATIONS:

wsj.com/market-data [3/13/20]

quotes.wsj.com/index/XX/990300/historical-prices [3/13/20]

treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldAll [3/13/20]