

In this week's recap: stocks rally, China schedules tariff cuts, January hiring tops expectations, and a key gauge of manufacturing activity improves.

Weekly Economic Update

Presented by Shane Maer, February 10, 2020

THE WEEK ON WALL STREET

Stocks advanced four days out of five during the past market week, erasing the losses of the week before.

The Nasdaq Composite surged 4.04%, the S&P 500 3.17%, and the Dow Jones Industrial Average 3.00%. Foreign stocks also rallied: the MSCI EAFE index added 2.21%.^{1,2}

CHINA PLANS TO HALVE SOME TARIFFS

Thursday, investors woke up to the news that China would be lowering import taxes on about \$75 billion of U.S. products. Later this week, a set of 10% tariffs is slated to drop to 5%, and a group of 5% tariffs is scheduled to fall to 2.5%.

This reduction is part of the phase-one trade deal that China agreed to last month, a pact which may be a step toward a trade truce with the U.S.³

JANUARY'S NET JOB GAIN: 225,000

The Department of Labor's latest employment report exceeded expectations. Economists surveyed by Bloomberg projected 165,000 net new hires last month. The main jobless rate ticked north to 3.6%; the U-6 rate including the underemployed rose 0.2% to 6.9%.

This upside surprise points to ongoing strength in the economy. Stocks declined Friday after the report's release, however, as traders viewing the data saw less reason for a Federal Reserve rate cut in the near future.⁴

A MANUFACTURING POSITIVE

The U.S. factory sector grew last month, for the first time since July. The Institute for Supply Management's purchasing managers index for the manufacturing sector, which traders view as a fundamental economic indicator, came in at 50.9 in January; any reading above 50 indicates sector expansion.⁵

WHAT'S AHEAD

Investors should note that U.S. stock and bond markets will be closed on Monday, February 17 for Presidents Day.

TIP OF THE WEEK



*By continuously **reviewing** your **business budget**, you can pinpoint how well your company is **following** its **financial objectives** throughout the year.*

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Federal Reserve chairman Jerome Powell begins two days of testimony in Congress on U.S. monetary policy.

Thursday: The federal government's January Consumer Price Index, measuring monthly and yearly inflation.

Friday: January retail sales data from the Census Bureau, and the University of Michigan's preliminary February consumer sentiment index, an evaluation of consumer confidence levels.

Source: MarketWatch, February 7, 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: Allergan (AGN), RingCentral (RNG)

Tuesday: Exelon (EXC), Hilton Worldwide Holdings (HLT)

Wednesday: CME Group (CME), Cisco (CSCO), CVS Health (CVS), Shopify (SHOP)

Thursday: Alibaba (BABA), Nvidia (NVDA), PepsiCo (PEP)

Friday: AstraZeneca (ABBV), Enbridge (ENB)

Source: Zacks.com, February 7, 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.

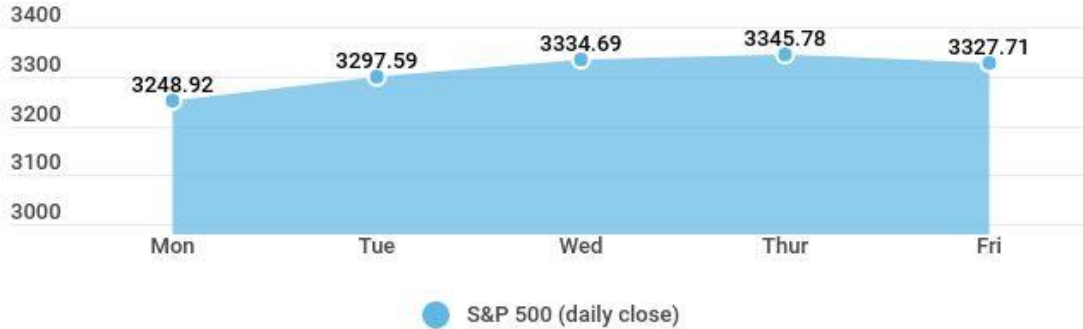
QUOTE OF THE WEEK



*“We always **admire** the other person **more** after we've tried to do his job.”*

WILLIAM FEATHER

Market Index	Close	Week	Y-T-D
DJIA	29,102.51	+3.00%	+1.98%
NASDAQ	9,520.51	+4.04%	+6.11%
MSCI-EAFE	2,037.82	+2.21%	+0.04%
S&P 500	3,327.71	+3.17%	+3.00%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.59%	+0.08%	-0.33%

Sources: The Wall Street Journal, February 7, 2020; Treasury.gov, February 7, 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 31 to the Friday, February 7 close. Weekly performance for the MSCI-EAFE is measured from the Friday, January 31 open to the Thursday, February 6 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



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?

LAST WEEK'S 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?

ANSWER: Spain (Pains).

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CITATIONS:

- 1 - [wsj.com/market-data](https://www.wsj.com/market-data) [2/7/20]
- 2 - quotes.wsj.com/index/XX/MSCI%20GLOBAL/990300/historical-prices [2/7/20]
- 3 - [cnn.com/2020/02/06/economy/china-tariffs-coronavirus/index.html](https://www.cnn.com/2020/02/06/economy/china-tariffs-coronavirus/index.html) [2/6/20]
- 4 - tinyurl.com/utpxrzd [2/7/20]
- 5 - ycharts.com/indicators/us_pmi [2/6/20]

CHART CITATIONS:

- [wsj.com/market-data](https://www.wsj.com/market-data) [2/7/20]
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