

February 11, 2019

*In this week's recap: minor gains for major stock indices, a March deadline looms for U.S.-China trade talks, and good news about the service industry.*

## Weekly Economic Update

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### THE WEEK ON WALL STREET

Major U.S. stock benchmarks eked out slight gains last week, with corporate profit reports and news about U.S.-China trade negotiations vying for investor attention over five trading sessions.

The big three ended the week little changed from where they settled the previous Friday. The Dow Jones Industrials rose 0.17%, while the S&P 500 Index gained 0.05%. The NASDAQ Composite ended the week up 0.47%. Looking at international stocks, the MSCI EAFE index retreated 0.47%.<sup>1,2</sup>

### EARNINGS SCORECARD

As of last Friday, 66% of all S&P 500 companies had reported fourth-quarter earnings. So far, 71% of these firms have announced earnings exceeding estimates, and 62% have seen revenues top projections.<sup>3</sup>

Halfway through earnings season, 2019 future guidance has been a mixed bag for S&P 500 companies. For Wall Street, future earnings can be just as important as current earnings. We keep a close eye on both.<sup>3</sup>

### TARIFF TENSIONS

March 1 is the 90-day deadline set by President Trump for a trade deal with China. If no agreement is reached, the U.S. may consider a new round of tariffs. On Thursday, news that President Trump and Chinese President Xi may not meet before the March 1 deadline added to the market volatility.

The decision by the U.S. on new tariffs may hinge on how much progress has been made toward a new agreement. We do not expect that to become clear until the deadline nears.

## STATE OF THE SERVICE SECTOR

Many indicators help economists take the pulse of the overall economy. The Institute for Supply Management keeps a critical, but not widely followed, index, which helps gauge the health of the service sector.

The January reading on this index came in at 56.7. Any reading above 50 shows that the service industry is seeing solid growth.<sup>4</sup>

## FINAL THOUGHT

Over the next several weeks, we are expecting more volatility as the markets digest economic news, a new wave of corporate earnings, and twists and turns on the geopolitical front. We will be watching to see if anything changes our short-term and long-term view. If you have any questions, do not hesitate to contact us.

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### TIP OF THE WEEK



*New parents should seek to **create an emergency fund** equivalent to 3-6 months of living expenses. Sticking to a budget can help a household save over time.*

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## THE WEEK AHEAD: KEY ECONOMIC DATA

**Wednesday:** January's Consumer Price Index, which measures monthly and yearly inflation.

**Thursday:** December retail sales figures (a delayed release due to the government shutdown).

**Friday:** January's preliminary University of Michigan consumer sentiment index, a gauge of consumer confidence levels.

Source: Econoday / MarketWatch Calendar, February 8, 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

**Monday:** Loews Corp (L)

**Tuesday:** Activision Blizzard (ATVI), HubSpot (HUBS), Occidental Petroleum (OXY)

**Wednesday:** Cisco (CSCO), Hilton Worldwide Holdings (HLT), Yelp (YELP)

**Thursday:** Applied Materials (AMAT), CBS (CBS), Coca-Cola (KO)

**Friday:** Deere & Co. (DE), PepsiCo (PEP)

Source: Morningstar.com, February 8, 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

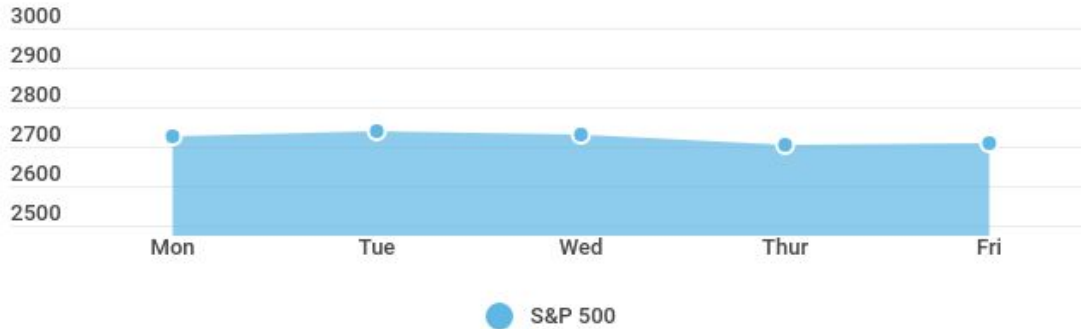


*“In all affairs it is a **healthy thing** now and then to hang a **question mark** on the things you have long taken for granted.”*

BERTRAND RUSSELL

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Market Index	Close	Week	Y-T-D
DJIA	25,106.33	+0.17%	+7.63%
NASDAQ	7,298.20	+0.47%	+9.99%
MSCI-EAFE	1,822.51	-0.47%	+5.97%
S&P 500	2,707.88	+0.05%	+8.02%



	Treasury	Close	Week	Y-T-D
	10-Year Note	2.63%	-0.07%	-0.06%

Sources: The Wall Street Journal, Feb. 8, 2019, Treasury.gov, Feb 8, 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. 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 yields 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



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

*LAST WEEK'S RIDDLE: You can throw a ball 25' and make it come right back to you, without the ball hitting anything or being caught by anyone. How can you make this happen?*

*ANSWER: Throw the ball straight up in the air.*

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Please feel free 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 - [markets.wsj.com](https://markets.wsj.com) [2/8/19]

2 - [quotes.wsj.com/index/XX/990300/historical-prices](https://quotes.wsj.com/index/XX/990300/historical-prices) [2/8/19]

3 - [insight.factset.com/earnings-season-update-february-8-2019](https://insight.factset.com/earnings-season-update-february-8-2019) [2/8/19]

4 - [institutehorsupplymanagement.org/ISMReport/NonMfgROB.cfm?SSO=1](https://institutehorsupplymanagement.org/ISMReport/NonMfgROB.cfm?SSO=1) [2/5/19]