

March 11, 2019

*In this week's recap: a disappointing jobs report and a downgrade of the 2019 growth forecast for Europe give Wall Street pause.*

## Weekly Economic Update

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### THE WEEK ON WALL STREET

As in February, investors spent most of the first full trading week of March hoping for new details in U.S.-China trade negotiations. While they waited, stock benchmarks drifted downward. From Monday's open to Friday's close, the S&P 500 lost 2.55%, while the Dow Industrials took a 2.66% fall, and the Nasdaq Composite weakened 3.12%. The MSCI EAFE index tracking developed markets outside the U.S. and Canada fell 1.09%.<sup>1,2,3,4</sup>

Why did stocks lose momentum? In a hint that global economic growth might be slowing, the European Central Bank abruptly reduced its 2019 GDP forecast for the eurozone from 1.7% to 1.1%. A disappointing reading on U.S. hiring also raised questions.<sup>5</sup>

### PERPLEXING JOBS DATA

According to the Department of Labor, the economy generated only 20,000 net new jobs in February. This was the smallest monthly gain since September 2017. Nevertheless, the unemployment rate fell to 3.8%, while underemployment declined sharply to 7.3%. (These decreases could reflect furloughed federal employees returning to work.) The average wage rose 3.4% in 12 months, the largest year-over-year increase in a decade.

Harsh winter weather may have impeded hiring last month, and February's payroll growth could be revised in the Department of Labor's April report.<sup>6</sup>

## EARNINGS SEASON RECAP

The fourth-quarter reporting season is all but over. FactSet notes that the S&P 500 has seen earnings growth of 13.4% in Q4, marking the fifth straight quarter with a double-digit rise.<sup>7</sup>

## FINAL THOUGHT

Stocks lost ground last week, breaking a long string of weekly advances. The extended rally partly reflected optimism that the U.S.-China trade dispute would soon be resolved, but a deal may or may not happen. The week offered a reminder that Wall Street sees both ups and downs. Day-to-day market fluctuations should not cause you to alter your long-term approach.

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### TIP OF THE WEEK



*Do you have a health care **Flexible Spending Account (FSA)** at work? **Check** to see if it lets you **carry over up to \$500** of any unused balance remaining at the end of a plan year into the next year.*

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## THE WEEK AHEAD: KEY ECONOMIC DATA

**Monday:** January retail sales.

**Tuesday:** The Consumer Price Index, tracking monthly and yearly inflation.

**Thursday:** January new home sales and February retail sales.

**Friday:** The University of Michigan's initial March consumer sentiment index, measuring consumer confidence.

Source: Econoday / MarketWatch Calendar, March 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.

## THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

**Tuesday:** Dick's Sporting Goods (DKS)

**Wednesday:** Smart & Final (SFS)

**Thursday:** Adobe Systems (ADBE), Broadcom (AVGO), Dollar General (DG)

Source: Morningstar.com, March 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

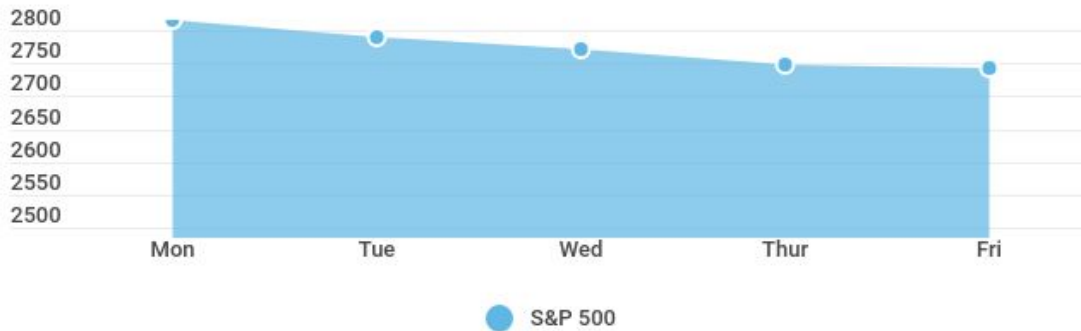


*“The functions of intellect are insufficient without courage, love, friendship, compassion, and empathy.”*

DEAN KOONTZ

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Market Index	Close	Week	Y-T-D
DJIA	25,450.24	-2.66%	+9.10%
NASDAQ	7,408.14	-3.12%	+11.65%
MSCI-EAFE	1,858.11	-1.09%	+8.04%
S&P 500	2,743.07	-2.55%	+9.42%



	Treasury	Close	Week	Y-T-D
	10-Year Note	2.62%	-0.14%	-0.07%

Sources: The Wall Street Journal, Mar. 8, 2019, Treasury.gov, Mar. 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. Weekly performance is measured from Monday's open of trading to Friday's close for the Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite. Weekly performance is measured from Friday's open to Thursday's close for MSCI-EAFE. 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.

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THE WEEKLY RIDDLE



*A mall parking lot has 1,000 parking spaces, and 40% of them are for **compact cars**. This morning, there are 200 compact cars and some standard-sized cars in the lot, which is 75% full. How many **standard-sized cars** are in the lot?*

*LAST WEEK'S RIDDLE: How do you make the number 7 even?*

*ANSWER: Remove the S so "seven" becomes "even."*

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- 5 - [cnbc.com/2019/03/07/stock-market-us-china-trade-jobless-claims-in-focus.html](https://cnbc.com/2019/03/07/stock-market-us-china-trade-jobless-claims-in-focus.html) [3/7/19]
- 6 - [usatoday.com/story/money/2019/03/08/jobs-report-just-20-000-added-february-economists-expected-181-000/3098383002/](https://usatoday.com/story/money/2019/03/08/jobs-report-just-20-000-added-february-economists-expected-181-000/3098383002/) [3/8/19]
- 7 - [insight.factset.com/earnings-insight-q418-by-the-numbers-infographic](https://insight.factset.com/earnings-insight-q418-by-the-numbers-infographic) [3/8/19]

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