

In this week's recap: Oil prices spike after a U.S. airstrike in Iran raises supply disruption concerns; a manufacturing activity index disappoints; stocks are little changed following an abbreviated trading week.

Weekly Economic Update

Presented by Pat Baxter, Investment Advisor Representative, January 6, 2020

THE WEEK ON WALL STREET

Stocks descended from record highs Friday, as traders reacted to a U.S. drone strike that killed Iran's top military officer. Oil prices rose more than 3% following the breaking news.¹

Wall Street benchmarks ended up having a sideways week, shortened by the New Year's Day holiday. The Dow Jones Industrial Average lost 0.04% across four trading sessions; the S&P 500, 0.16%. In contrast, the Nasdaq Composite rose 0.16%. The MSCI EAFE index, benchmarking developed overseas stock markets, added 0.30%.²⁻³

OIL TAKES CENTER STAGE

WTI crude oil settled at \$63.05 a barrel on the New York Mercantile Exchange Friday, down from an intraday peak of \$64.09 (which was its highest price since April).

The commodity rallied Friday as energy traders considered the possibility of supply disruptions in the Middle East in retaliation for last week's U.S. air strike.⁴

MANUFACTURING ACTIVITY DECLINES

At the start of each month, economists watch the Institute for Supply Management's Purchasing Managers Index for the factory sector, which is considered a key barometer of U.S. manufacturing health.

Last week, ISM announced a December reading of 47.2 for this index, the poorest in more than ten years. A reading below 50 indicates manufacturing activity is contracting rather than expanding.⁵

TIP OF THE WEEK



*Turning 50 in 2020? You now have the chance to make **catch-up contributions** to retirement accounts and to workplace retirement plans.*

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: The Institute for Supply Management presents its December Non-Manufacturing Purchasing Managers Index, gauging the pace of activity in the U.S. service sector.

Wednesday: Payroll processor ADP releases its December national private-sector employment report.

Friday: The December jobs report from the Department of Labor.

Source: MarketWatch, January 3, 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

Wednesday: Constellation Brands (STZ), Lennar (LEN), Walgreens Boots Alliance (WBA)

Friday: Infosys (INFY)

Source: Zacks.com, January 3, 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



*“The **moment of victory** is much too **short** to live for that and nothing else.”*

MARTINA NAVRATILOVA

Market Index	Close	Week	Y-T-D
DJIA	28,634.88	-0.04%	+0.34%
NASDAQ	9,020.77	+0.16%	+0.54%
MSCI-EAFE	2,048.95	+0.30%	+0.59%
S&P 500	3,234.85	-0.16%	+0.13%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.80%	-0.08%	-0.12%

Sources: The Wall Street Journal, January 3, 2020; Treasury.gov, January 3, 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, December 27 to the Friday, January 3 close. Weekly performance for the MSCI-EAFE is measured from the Friday, December 27 open to the Thursday, January 2 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



*A **couple** took a trip to the **Arctic Circle**, and they were disappointed that they did not **see** any **penguins**. What didn't they realize about penguins?*

LAST WEEK'S RIDDLE: Two people are born at the same moment, but they don't have the same birthdays. How can this be?

ANSWER: They are born in different places, in different time zones.

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CITATIONS:

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- 2 - [wsj.com/market-data](https://www.wsj.com/market-data) [1/3/20]
- 3 - quotes.wsj.com/index/XX/MSCI%20GLOBAL/990300/historical-prices [1/3/20]
- 4 - reuters.com/article/us-global-markets/oil-safe-havens-surge-after-u-s-strikes-kill-iran-commander-idUSKBN1Z2042 [1/3/20]
- 5 - marketwatch.com/story/us-manufacturing-slumps-worsens-in-december-as-ism-index-falls-to-10-year-low-2020-01-03 [1/3/20]

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