

In this week's recap: stock and commodity traders turn cautious as the coronavirus reaches America; home sales increase even with the current housing market's slim inventory.

Weekly Economic Update

Presented by Pat Baxter, Investment Advisor Representative, January 27, 2020

THE WEEK ON WALL STREET

Stock prices fell last week as investors considered the potential health and economic risks of the flu-like coronavirus.

Foreign stock markets, as tracked by the broad MSCI EAFE index, fell 1.03% for the week. Coincidentally, the S&P 500 lost exactly that much across a 4-day Wall Street trading week. The Dow Jones Industrial Average declined 1.22%, the Nasdaq Composite 0.79%.^{1,2}

FUTURES MARKETS EYE CORONAVIRUS OUTBREAK

By Friday's closing bell, two cases of coronavirus had been confirmed in the U.S. by the Centers for Disease Control and Prevention. Sixty-three other potential cases were being monitored. Twenty-six people had died from the virus in China, where more than 30 million people faced travel restrictions.

This news exerted a drag on stocks in multiple industries. Oil prices also slipped: West Texas Intermediate crude lost 7.4% for the week to settle at \$54.19 Friday. Stock and commodity traders wondered if the virus would mimic the SARS scare of 2002-03, which kept Chinese workers and shoppers at home and hurt corporate earnings worldwide.^{3,4}

FEWEST HOMES FOR SALE IN 20 YEARS

Existing home sales improved 3.6% in December, according to the National Association of Realtors. This happened even as the number of listed properties hit a 20-year low. The NAR says that the rate of total U.S. home sales (existing and new) increased 10.8% in 2019.⁵

WHAT'S AHEAD

Traders will watch not only earnings and economic indicators this week, but also the Federal Reserve, which meets Tuesday and Wednesday. Will the central bank's latest monetary policy statement reveal any subtle change of outlook?

TIP OF THE WEEK



*If you make your retirement money **hard to reach**, you may be doing yourself a **favor**. Tax-advantaged retirement accounts have rules that help to discourage early withdrawals. Those rules are designed with your future self in mind, and they exist to **make you think twice** about tapping such accounts for current needs.*

THE WEEK AHEAD: KEY ECONOMIC DATA

Monday: The Census Bureau's report on December new home sales.

Tuesday: The latest consumer confidence index from the Conference Board.

Wednesday: A monetary policy announcement from the Federal Reserve, followed by a press conference with Fed chair Jerome Powell.

Thursday: The first estimate of fourth-quarter gross domestic product from the Bureau of Economic Analysis.

Friday: December consumer spending figures from the Department of Commerce, plus the final January University of Michigan consumer sentiment index (a gauge of consumer confidence levels).

Source: MarketWatch, January 24, 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: D.R. Horton (DHI), Sprint (S)

Tuesday: Apple (AAPL), Pfizer (PFE), SAP (SAP), United Technologies (UTX)

Wednesday: AT&T (T), Facebook (FB), Mastercard (MA), Microsoft (MSFT)

Thursday: Amazon (AMZN), Coca-Cola (KO), Verizon (VZ), Visa (V)

Friday: Chevron (CVX), ExxonMobil (XOM), Honeywell International (HON)

Source: Zacks.com, January 24, 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



*“It's not the things **we do** in life that we regret on our death bed, it is the things **we do not.**”*

RANDY PAUSCH

Market Index	Close	Week	Y-T-D
DJIA	28,989.73	-1.22%	+1.58%
NASDAQ	9,314.91	-0.79%	+3.82%
MSCI-EAFE	2,036.49	-1.03%	-0.02%
S&P 500	3,295.47	-1.03%	+2.00%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.70%	-0.14%	-0.22%

Sources: The Wall Street Journal, January 24, 2020; Treasury.gov, January 24, 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 17 to the Friday, January 24 close. Weekly performance for the MSCI-EAFE is measured from the Friday, January 17 open to the Thursday, January 23 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



I'm a **word** some use to measure bits of **time**, but you won't find me on a clock or anything that chimes. I will never fit upon a clock face, but I am used to identify a **place**. What word am I?

LAST WEEK'S RIDDLE: Travel a mile, and I will change. Travel a million miles, and I might be incapable of further change. What am I?

ANSWER: An odometer.

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CITATIONS:

- 1 - wsj.com/market-data [1/24/20]
- 2 - quotes.wsj.com/index/XX/MSCI%20GLOBAL/990300/historical-prices [1/24/20]
- 3 - cnbc.com/2020/01/24/cdc-confirms-second-us-case-of-coronavirus-chicago-resident-diagnosed.html [1/24/20]
- 4 - cnbc.com/2020/01/24/coronavirus-fear-hits-oil-prices-drop-most-since-may.html [1/24/20]
- 5 - marketwatch.com/story/existing-home-sales-rebounded-in-december-but-extraordinarily-lean-inventories-are-a-growing-concern-2020-01-22 [1/22/20]

CHART CITATIONS:

- wsj.com/market-data [1/24/20]
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