

THE WEEK IN REVIEW

U.S. equity markets ended a volatile week slightly lower as investors digested coronavirus news, fourth quarter corporate earnings results, and economic data. The S&P 500 and Dow Jones Industrial Average finished the week down 1.03% and 1.22%, respectively. Concerns about the coronavirus' potential impact on economic activity weighed on stocks and commodities. The virus emerged last month in a meat and seafood market located in the Chinese city of Wuhan. In an attempt to halt the rapid spread of the virus, Chinese authorities have suspended flights and public transportation in multiple cities of the Hubei province. The travel ban restricts transportation for over 30 million people. Worries about reduced travel and economic activity during this weekend's Chinese Lunar New Year celebration drove crude oil prices down 7.41% this week to a seven-week low. Health authorities announced Friday a second person in the U.S. has been infected by the respiratory virus.

U.S. existing home sales wrapped up 2019 on a strong note as mortgage rates have declined and the healthy labor market continues to support consumers' purchasing power for homes. Sales of previously owned homes increased 3.6% in December which was the fastest annualized rate since February of 2018. Compared to one year ago, sales of existing homes were up 10.8%. The average interest rate on a 30-year fixed mortgage was 3.65% as of January 16, down from 4.45% a year prior, according to Freddie Mac. Despite the improving demand in the housing market, economists remain cautious about further improvement because December's inventory of existing homes was the lowest on record within the past two decades.

Both the Markit U.S. Services and Manufacturing PMIs remained in expansionary territory in January. The U.S. Services PMI posted a 10-month high of 53.2 in January, signaling an increase in service sector output that was the fastest since last March. The U.S. Manufacturing PMI posted a three-month low of 51.7, however a reading above 50 is a positive indicator for the sector.

In other economic news, the International Monetary Fund (IMF) cut its 2020 global economic growth forecast to 3.3%, up from 2.9% growth in 2019. The IMF projects slower economic growth in the U.S. and China and better growth in Europe and emerging markets outside China.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Markit US Manufacturing PMI	51.7	51.3	▲
Markit US Services PMI	53.2	50.6	▲
Existing Home Sales (Millions Annualized)	5.54	5.36	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	28989.73	-1.22%	1.58%	18.07%
NASDAQ	9314.91	-0.79%	3.82%	31.69%
S&P 500	3295.47	-1.03%	2.00%	24.72%
MSCI EAFE	2036.49	-1.03%	-0.02%	13.42%
Bbg Barclays Aggregate US	2248.15	0.53%	1.04%	9.38%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	1.52%	1.57%	2.35%
10-Year Treasury	1.68%	1.90%	2.72%

REPORTS DUE NEXT WEEK	LATEST
Conf. Board Consumer Confidence	126.5
Real GDP (QoQ Annualized)	2.1%
U. of Mich. Consumer Sentiment	99.1

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.