

## THE WEEK IN REVIEW

The S&P 500 fell this week as worsening coronavirus fears somewhat overshadowed better-than-expected fourth quarter earnings. The World Health Organization (WHO) declared the coronavirus outbreak a global public health emergency after person-to-person transmission cases skyrocketed. Nearly 10,000 coronavirus cases have been confirmed worldwide and over 200 people have died. Concerns about the coronavirus' potential impact on economic activity continued to weigh on stocks and commodities. For instance, shares of domestic airlines Delta, United and American declined after the companies' announced they are suspending flights to China. In the commodities asset class, the price of crude oil and industrial metals both lost almost 5.0% this week. Safe haven assets, including government bonds and gold, saw increased demand. The 10-year Treasury yield fell back near its multi-year low of 1.5% reached last fall amid the reescalation in the U.S.-China trade war. The price of gold rose to its highest level since April 2013 at 1,594.50 per ounce.

Fourth quarter earnings reporting season ramped up this week. A few of the largest members of the S&P 500 reported this week. In the technology sector, Apple (AAPL) and Microsoft (MSFT) reported revenue and earnings above analysts' consensus estimates. AAPL's most notable items in the quarter were a return to growth for iPhone sales, which posted 7.7% growth year over year, along with strength in AAPL's wearables segment, which posted revenue growth of 37.0%. MSFT benefitted from continued strong growth in its cloud computing business. In the consumer discretionary sector, shares of Amazon.com (AMZN) jumped 7.4% after reporting earnings. AMZN's blowout quarter was driven by lower-than-expected expenses for its new one-day delivery and strong double-digit sales growth in most of its business segments.

The U.S. economy grew at a 2.1% annualized rate in the final quarter of 2019 which matched the third quarter's growth rate and resulted in full-year GDP growth of 2.3%. Last year was the slowest GDP growth in three years. Consumer spending, which accounts for more than two-thirds of U.S. economic activity, increased 0.3% in December, which was in-line with economists' expectations. Higher spending was primarily driven by increased health care spending. Consumer spending increased 4.0% in 2019, a drop from 2018's 5.2% growth rate.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
GDP (QoQ Annualized)	2.1%	2.1%	-
New Home Sales (Thousands Annualized)	694	725	▼
Core PCE Price Index (YoY)	1.6%	1.7%	▼
Personal Income (YoY)	3.9%	4.6%	▼
Personal Spending (YoY)	5.0%	4.0%	▲
U. of Mich. Consumer Sentiment	99.8	95.5	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	28256.03	-2.53%	-0.99%	13.03%
NASDAQ	9150.94	-1.76%	1.99%	25.67%
S&P 500	3225.52	-2.12%	-0.16%	19.28%
MSCI EAFE	1999.03	-2.24%	-1.86%	9.17%
Bbg Barclays Aggregate US	2264.47	0.47%	1.77%	9.48%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	1.54%	1.54%	2.38%
10-Year Treasury	1.50%	1.92%	2.63%

REPORTS DUE NEXT WEEK	LATEST
Non-Farm Payrolls	145,000
Unemployment Rate	3.5%
Average Hourly Earnings (YoY)	2.9%
Markit US Manufacturing PMI	51.7
Markit US Services PMI	53.2

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