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Weekly Economic News & Updates

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THE WEEK ON WALL STREET

Stocks were mixed last week as investors reacted to positive economic data, progress on a COVID-19 vaccine, and the continued nationwide increase of COVID-19 cases.

The Dow Jones Industrial Average gained 2.29%, while the Standard & Poor's 500 rose by 1.25%. But the Nasdaq Composite Index dropped 1.08% for the week. The mega-cap technology companies saw some profit-taking last week, sending the Nasdaq Composite to its first loss in three weeks. The MSCI EAFE Index, which tracks developed stock markets overseas, ended 2.19% higher.^{1,2,3}

Stocks Find a Way Higher

After a Monday rally melted away on news that California was rolling back its reopening plans amid rising infections, a new earnings season began on a hopeful note. Stocks posted back-to-back daily gains on the strength of positive earnings surprises from a few money center banks and encouraging news about progress in the development of a COVID-19 vaccine.⁴ Despite a strong retail sales number, new jobless claims and rising U.S.-China tensions reminded investors that global economic recovery remains fragile, leading stocks to pare some of the week's earlier gains.^{5,6}

Earnings Season Begins

While investors long ago accepted the idea that this earnings season would be ugly, reflecting the impact of the economic shock due to COVID-19, it didn't mean that there weren't important insights to be gained from this quarter's earnings reports.

Three money center banks last week kicked off the earnings season, reporting substantial declines in profits and an additional cumulative \$28 billion set aside for loan-loss reserves.⁷

Banks are an important economic bellwether since they touch every part of the U.S. economy. Although their earnings were significantly lower, they actually beat consensus Wall Street estimates, which encouraged investors and set the stage for stocks to move higher. The story on this quarter's earnings season, however, is far from finished as investors await the stream of companies releasing their quarterly results in the days and weeks ahead.

At the moment, equities markets seem indifferent and little changed while Treasury prices enjoy a slight scoot upward. The Ten Year's yield is barely 60 basis points while crude oil tries to hang on to \$40. Gold is up just over \$4 to around \$1,815. Have a great week, be careful out there and stay in the shade.

Lobbies are open by appointment

WEEKLY QUOTE

"Learn to express rather than impress."

JIM ROHN

WEEKLY TIP

If you're financing a new car, look for the best interest rate before setting foot in the dealership. It could be to your advantage to take a cash rebate and get a loan elsewhere.

WEEKLY RIDDLE

Is there a way that you can make the number seven even?

Last week's answer:

750 - 200 = 550 standard-sized cars.

Sources: MarketingPro, Financial Strategies Group, The Baker Group, wsj.com, bigcharts.com, treasury.gov, Randy Baker and Chris Low and Rebecca Kooshak FTN Financial

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