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Community Banking

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Weekly Economic News & Updates

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THE WEEK ON WALL STREET

Stocks advanced four days out of five during the past market week, erasing the losses of the week before.

The Nasdaq Composite surged 4.04%, the S&P 500 3.17%, and the Dow Jones Industrial Average 3.00%. Foreign stocks also rallied: the MSCI EAFE index added 2.21%.^{1,2}

China Plans to Halve Some Tariffs

Thursday, investors woke up to the news that China would be lowering import taxes on about \$75 billion of U.S. products. Later this week, a set of 10% tariffs is slated to drop to 5%, and a group of 5% tariffs is scheduled to fall to 2.5%.

This reduction is part of the phase-one trade deal that China agreed to last month, a pact which may be a step toward a trade truce with the U.S.³

January's Net Job Gain: 225,000

The Department of Labor's latest employment report exceeded expectations. Economists surveyed by Bloomberg projected 165,000 net new hires last month. The main jobless rate ticked north to 3.6%; the U-6 rate including the underemployed rose 0.2% to 6.9%.

This upside surprise points to ongoing strength in the economy. Stocks declined Friday after the report's release, however, as traders viewing the data saw less reason for a Federal Reserve rate cut in the near future.⁴

A Manufacturing Positive

The U.S. factory sector grew last month, for the first time since July. The Institute for Supply Management's purchasing managers index for the manufacturing sector, which traders view as a fundamental economic indicator, came in at 50.9 in January; any reading above 50 indicates sector expansion.⁵

WHAT'S AHEAD

Investors should note that U.S. stock and bond markets will be closed on Monday, February 17

WEEKLY QUOTE

*"We always **admire** the other person **more** after we've tried to do his job."*

WILLIAM FEATHER

WEEKLY TIP

*By continuously **reviewing** your **business budget**, you can pinpoint how well your company is **following** its **financial objectives** throughout the year.*

WEEKLY RIDDLE

*You can rest on my pad without **touching the keys**. I will sing all month long as long as you **pay your fees**. What am I?*

Last week's answer:

Spain (Pains).

Sources: MarektingPro, 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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