

Taking Care of Main Street, Not Wall Street.

Community Banking

Here at Citizens FSB, we know the best investments yield a high return. That's why we're investing time and money into the communities we serve. We're a part of our communities as a neighbor, a friend, and as family.



Weekly Economic News & Updates

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THE WEEK ON WALL STREET

Stock benchmarks declined for a second straight week as coronavirus news tempered risk appetite.

The S&P 500 fell 2.14% on the week. The Nasdaq Composite dipped 1.76%, and the Dow Jones Industrial Average, 2.55%. Away from North America, developed markets slumped 2.24%, according to MSCI's EAFE index.^{1,2}

THE Fed Makes a Minor Move

The Federal Reserve left short-term interest rates alone at its January meeting, but it did make what Fed chairman Jerome Powell called a "small technical adjustment" in view of its continuing purchases of Treasuries. Wednesday, it slightly increased the interest rate paid to banks that park excess capital reserves at the Fed.

The move may give the Fed a bit more control over short-term rates this quarter and assist the operations of U.S. financial markets.³

Encouraging New Consumer Data

Rising to 131.6 in January, the Conference Board's Consumer Confidence Index reached its highest level since August. Consumer spending increased 0.3% in December, according to a new Department of Commerce report.^{4,5}

Economy Expanded at a 2.1% Pace in Fourth Quarter

The Bureau of Economic Analysis released this estimate Thursday. That number matches the gross domestic product of the third quarter and affirms that the U.S. avoided a fall slowdown.⁶

This Week

Tomorrow, the Census Bureau will likely report that Factory Orders grew 1.2% in December and will also release the final report for December's Capital Goods orders and shipments. Last week's preliminary report was not very shiny and a little bit of positive, revisionist history might be welcomed. We'll also learn that the nation's trade

WEEKLY QUOTE

*"Management is nothing more than **motivating** other people."*~LEE IACOCCA

WEEKLY TIP

***Auto insurance providers** offer a wide range of **discounts**, perhaps wider than many consumers realize. They may lower rates for good drivers, honor students, seniors, long-time customers, or households or companies insuring multiple cars or trucks. **Asking** about a carrier's variety of discounts could lead to **savings**.*

WEEKLY RIDDLE

*There is a **word** for a **place** in Europe, a place where many travelers like to go. But if you **take the first letter** of this word and **put it at the end** of the other four letters in the word, you have something no one likes. What is this word?*

Last week's answer:

Mississippi (e.g. one Mississippi, two Mississippi, three Mississippi...).

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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deficit might have widened a bit last month.

On Wednesday, the Services shoe of the ISM report will drop and may likely show a very slight gain to 55.1 from 54.9. This week will also be a busy one for the Bureau of Labor Statistics and on Thursday we're expected to learn that Unit Labor Costs cooled in the fourth quarter to a 1.3% growth rate; a significant slow-down from Q3's 2.5%. A more positive nugget will be the expected news that Q4 Non-Farm Productivity gained 1.6% after slipping by 0.2% in the preceding quarter.

Friday will bring us February's first Jobs Report and early surveys suggest no change in the 3.5% Unemployment Rate, no change in the 63.2% Participation Rate, and no change in the 34.3 Average Weekly Hours Worked. Non-Farm Payrolls are expected to have grown by 160k, Average Hourly Earnings might have regained a 3% year-over-year growth rate and no revisions to last month's report are expected. That, however, doesn't mean there won't be some.

