

## 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

Heightened coronavirus fears, falling yields, and Super Tuesday primary results sent stocks on a rollercoaster ride of sharp price swings, leaving stocks marginally higher for the week.

The Dow Jones Industrial Average improved 1.79%; the S&P 500, 0.61%; the Nasdaq Composite, 0.10%. Outside the U.S., developed equity markets tracked by the MSCI EAFE Index rose 2.60%.<sup>1,2</sup>

### A Swift Fed Decision

Wednesday morning, the Federal Reserve lowered its short-term interest rate by 0.5% to a range of 1.00%-1.25%, making its biggest cut since 2008. Addressing the media, Fed Chairman Jerome Powell said that the move was made to give the economy a “meaningful” lift and “help boost household and business confidence.”

The question is whether reducing borrowing costs can effectively address growing business and consumer anxieties about shopping, traveling, and gathering.<sup>3</sup>

### A Push Toward Treasuries

The uncertainty on Wall Street has heightened demand for Treasury bonds. Their yields typically fall as their prices rise, and fall they did last week. The yield on the 10-year Treasury dipped under 0.70% during Friday's market day, an all-time low.<sup>4</sup>

### Winter Hiring Surge Continues

This morning's Jobs Report from the BLS would normally be a headline grabber except they've already been grabbed by the coronavirus. The American economy added 273k jobs in February against an estimate of just 175k while the total for the prior two months was revised with an additional 85k over what was previously reported. The Unemployment Rate fell one-tenth to 3.5%, Average Hourly Earnings remain unchanged at a 3% growth rate year-over-year, Labor Force Participation was unchanged at 63.4%, and Average Weekly Hours nudged up to 34.4 from 34.3. A report this unexpectedly robust in terms of jobs added would normally be cause for a sell-off in bonds and a rally in equities. But, for the time being, all performance fundamentals are, and have been, overshadowed by the damage caused to global economic growth by the spread of the new flu. At one point this morning, the Ten-Year's yield was down to 69 basis points but has crept its way back to around 75 basis points. DJIA futures are looking for a very weak opening.

### What's Ahead

The Fed's 50-basis-points cut in the federal funds rate

### WEEKLY QUOTE

*“You can get everything in life **you want** if you will just help enough other people get what **they want.**”*

**ZIG ZIGLAR**

### WEEKLY TIP

*If you owe money on the vehicle you drive and would be hard-pressed to replace it in the case of a bad accident, make sure that you have an **auto insurance policy** with **comprehensive and collision** coverage.*

### WEEKLY RIDDLE

*A man says that where he lives, **1,500 plus 20** and **1,600 minus 40** equal the **same thing**, and his neighbors and coworkers all agree. Where is he living?*

### Last week's answer:

*Day and night.*

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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has now shifted the sights of investors toward the European Central Bank, which is expected to make a policy announcement on March 12. The ECB has less room to maneuver than the Fed, since its key interest rate currently stands at -0.5%. Negative interest rates have done little to lift eurozone economies, which may necessitate more-creative monetary policy accommodation from the ECB's new president, Christine Lagarde.

Traders are also focused on whether the Federal Reserve will make another rate cut on March 18, when its next meeting concludes. The half-point rate cut this past week did little to soothe stock market concerns; opinions vary about what the central bank might choose to do next.<sup>6</sup>