

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.



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Weekly Economic News & Updates

www.citizensfsb.bank

WHAT'S IN THE STIMULUS PACKAGE

The legislative text has yet to be released, but Minority Leader Chuck Schumer sent a summary of its provisions to colleagues early Wednesday. Here's what's in the \$2 trillion package, the largest in U.S. history:

Direct payments of \$1,200 to most individuals making up to \$75,000, or \$2,400 for couples making up to \$150,000. The amount decreases for individuals with incomes above \$75,000, and payments cut off for those above \$99,000.

Expanded unemployment benefits that boost the maximum benefit by \$600 per week and provides laid-off workers their full pay for four months

\$367 billion in loans for small businesses

\$150 billion for state and local governments

\$130 billion for hospitals

\$500 billion in loans for larger industries, including airlines

Creation of an oversight board and inspector general to oversee loans to large companies

Measure prohibiting companies owned by President Trump and his family from receiving federal relief.

THE WEEK ON WALL STREET

The stock market suffered through another volatile week as it wrestled with the health and economic fallout of the domestic spread of the coronavirus. Swift and decisive actions by the Federal Reserve and policy responses from the federal government did not keep stocks from recording losses for the week.

The Dow Jones Industrial Average slumped 17.3%, while the Standard & Poor 500 lost 14.98%. The Nasdaq Composite index declined 12.64% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, fell 6.64%.¹⁻³

Stocks Slide Further

The stock market continued its retreat amid fears of a darkening economic impact from the coronavirus pandemic. Despite a Sunday night announcement by the Federal Reserve that it was cutting its benchmark interest rate by 100 basis points to nearly zero and taking steps to increase market liquidity, stocks opened the week sharply lower, setting the stage for another difficult week for investors.⁴

Progress was reported on coronavirus testing capacity and on the efforts to combat the infection. At the same time, Washington, D.C., advanced legislation to provide financial assistance to unemployed workers and affected businesses. Neither did much to help investor anxieties, however. Stocks slid in the closing hours of the trading week, leaving stock indices near their lows of the week.⁵

WEEKLY QUOTE

"I'd take the awe of understanding over the awe of ignorance any day."

DOUGLAS ADAMS

WEEKLY TIP

Federal student loans may offer 6-month grace periods before any repayment is necessary, but having an income-based repayment plan in place soon after graduation is wise. Repayments can be limited to affordable amounts through these plans.

WEEKLY RIDDLE

What can fill a room, yet takes up no physical space?

Last week's answer:

A light.

COVID-19 News

Our lobbies will be open by appointment only. Our drive thru's will be open. You may email your representative or call the mainline 913-727-1040 to schedule an appointment.

Appointments will be made for loan application, loan closings, opening a new deposit account or access to your safe deposit box.

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

Please feel free to forward this newsletter to friends, family and colleagues.



Central Bankers Go Big

The response of global central bankers to mitigate the economic impact of the coronavirus has been broad ranging. In addition to its 100 basis point cut in the federal funds rate, the Federal Reserve also took actions to provide additional credit access to banks, committed to buy at least \$700 billion in Treasury and mortgage bonds, and set up a new lending facility to backstop money market funds.⁶

The European Central Bank also announced an \$800 billion-plus bond buying program to support member economies. The Bank of England cut its benchmark lending rate to 0.1% and pledged to buy over \$200 billion in government and investment grade corporate bonds, while the Bank of Japan said that it would double its purchases of stocks and increase loans to businesses.⁷⁻⁹