

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

Stocks fell sharply last week as Wall Street considered how the coronavirus outbreak might influence global business activity and household spending.

The selloff became a correction for the U.S. markets. The S&P 500 retreated 11.49%; the Dow Jones Industrial Average, 12.36%; the Nasdaq Composite, 10.54%. The MSCI EAFE, tracking developed stock markets outside North America, had fallen 6.75% week-over-week by Friday's closing bell.

On Friday afternoon, Federal Reserve Chair Jerome Powell stated that central bank officials were willing to "use our tools and act as appropriate to support the economy."^{1,2,3}

STRONG CONSUMER CONFIDENCE, PLUS A BOOST FOR INCOMES

A trio of economic indicators, pertaining to U.S. households, looked solid last week. The Conference Board's Consumer Confidence Index notched consecutive months above 130 for the first time since July-August 2019, posting a 130.7 February mark. The University of Michigan's final February Consumer Sentiment Index came in at 101.0, ticking up from a preliminary 100.9.

Friday, the Department of Commerce reported that Americans increased their personal spending by 0.2% in January, while personal incomes improved 0.6%.^{4,5}

Buyers Have Flocked to New Homes

New home sales, according to the Census Bureau, improved 7.9% in January; the annualized pace of new home buying was the best seen since July 2007. Year-over-year, sales were up 18.6%. Housing market analysts cited a favorable economy and favorable weather as factors.⁶

FINAL THOUGHT

Right now, there is no forecast for how the coronavirus outbreak may affect consumer demand or supply chains. The impact may not be known for months. But remember, your investment strategy should reflect your risk tolerance, time horizon, and goals, and it also should take into consideration periods of market volatility. Fear is driving decisions in the financial markets. Nobody would blame you if this uncertainty gave you a bit of anxiety as well.

WEEKLY QUOTE

"Time does not change us. It just unfolds us."

MAX FRISCH

WEEKLY TIP

A **market drop** also presents an **occasion to buy** shares of large companies at a **potentially lower cost**.

WEEKLY RIDDLE

You see us **regularly**, but **never** at the **same time**. We appear **everywhere** but **never** in the **same place**. What are we?

Last week's answer:

The Wind.

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.

