

In this week's recap: Continuing concerns over COVID-19, aided by cuts in oil production overseas, contributed to continued market volatility.

Weekly Economic Update

Presented by Midland Wealth Management, March 16, 2020

THE WEEK ON WALL STREET

Markets remained exceptionally volatile, buffeted by the spreading impact of coronavirus, uncertain responses from federal policymakers, and the sudden drop in oil prices.

The Dow Jones Industrial Average fell 10.36%, while the S&P 500 declined 8.79%. The Nasdaq Composite index slid 8.18% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, dropped 17.75%.^{1,2}

MARKETS GRAPPLE WITH UNCERTAINTY

A dispute between Saudi Arabia and Russia over oil production cuts, mounting fears of the coronavirus, the declaration of the COVID-19 as a global pandemic by the World Health Organization, and the news of a travel ban from Europe unsettled markets throughout the week.

Stock trading was halted twice by circuit breakers, which are designed to briefly stop trading when losses in the S&P 500 reach 7%. Stocks sold off sharply Thursday before ending a tumultuous week with a strong rebound on Friday.³

TROUBLES IN THE OIL PATCH

The failure of Russia to join Saudi Arabia in supporting lower oil production targets left Saudi Arabia fuming. In response, Saudi Arabia announced its intention to raise oil output.

Oil prices plummeted on the news, contributing to the stock market's drop on Monday. While lower oil prices may represent a boon to consumers in the form of lower gasoline prices and relief to companies with high energy consumption (e.g., airlines, chemical), they also pose a risk to the American energy industry. If low oil prices persist, it may lead to lower capital expenditures and potential issues in the credit markets as less-well-capitalized companies struggle to manage their debt obligations.⁴

FINAL THOUGHT

The world's central bankers have already taken several steps to combat the economic impact of the coronavirus, including lowering short-term interest rates. The financial markets are now looking for a response from the U.S. government. In evaluating any actions from the federal government, investors may focus on the size and timing of policy proposals to determine if they can reduce current levels of economic uncertainty.

TIP OF THE WEEK



Are you in your fifties and providing eldercare to one or both of your parents? As you help them in their retirements, remember not to neglect your own retirement planning, as these years of your life are among the most important for that effort.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Retail Sales, JOLTS Report (Job Openings and Labor Turnover Survey), Industrial Production

Wednesday: Housing Starts, FOMC (Federal Open Market Committee) Announcement

Thursday: Leading Economic Indicators

Friday: Existing Home Sales

Source: Econoday, March 13, 2020

The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

Monday: Coupa Software (Coup)

Tuesday: FedEx Corp. (FDX), MongoDB (MDB)

Wednesday: General Mills (GIS), Ctrip.com (TCOM)

Thursday: Tencent Holdings (TCEHY), Lennar (LEN)

Friday: Tiffany & Co. (TIF), BMW (BAMXF)

Source: Zacks, March 13, 2020

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Any investment should be consistent with your objectives, time frame and risk tolerance. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

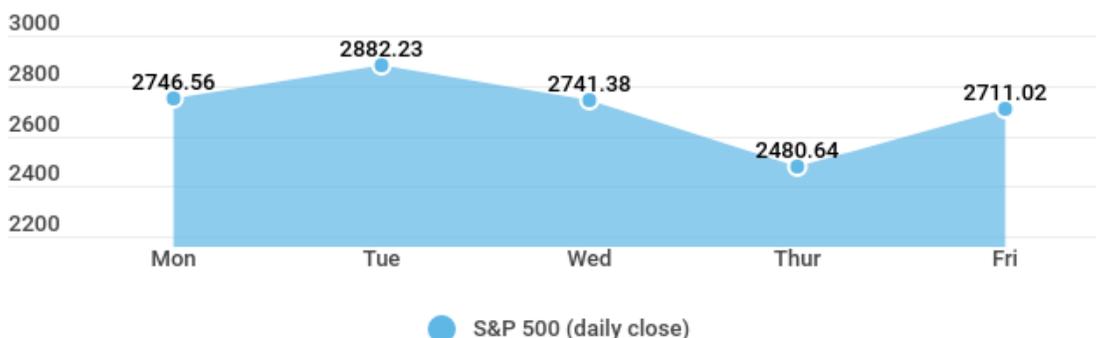
QUOTE OF THE WEEK



“Character is the virtue of hard times.”

CHARLES DE GAULLE

Market Index	Close	Week	Y-T-D
DJIA	23,185.62	-10.36%	-18.76%
NASDAQ	7,874.23	-8.18%	-12.24%
MSCI-EAFE	1,491.75	-17.75%	-26.77%
S&P 500	2,711.02	-8.79%	-16.09%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.99%	+0.25%	-0.93%

Sources: The Wall Street Journal, March 13, 2020; Treasury.gov, March 13, 2020

The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite is measured from the close of trading on Friday, March 6 to the Friday, March 13 close. Weekly performance for the MSCI-EAFE is measured from the Friday, March 6 open to the Thursday, March 12 close. U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points. International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

THE WEEKLY RIDDLE



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

LAST WEEK'S 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?

ANSWER: On a military base.

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CITATIONS:

1 – [wsj.com/market-data](https://www.wsj.com/market-data) [3/13/20]

2 – quotes.wsj.com/index/XX/990300/historical-prices [3/13/20]

3 – [cnbc.com/2020/03/12/stock-futures-hit-a-limit-down-trading-halt-for-a-second-time-this-week-heres-what-that-means.html](https://www.cnbc.com/2020/03/12/stock-futures-hit-a-limit-down-trading-halt-for-a-second-time-this-week-heres-what-that-means.html) [3/12/20]

4 – [cnbc.com/2020/03/09/cramer-9-or-10-oil-companies-may-go-bankrupt-amid-crude-declines.html](https://www.cnbc.com/2020/03/09/cramer-9-or-10-oil-companies-may-go-bankrupt-amid-crude-declines.html) [3/10/20]

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