

In this week's recap: the U.S. and China reach a phase-one trade deal, the Fed leaves the benchmark interest rate alone, and November retail sales come in below expectations.

Weekly Economic Update

Presented by RTN Financial & Retirement Group, December 16, 2019

THE WEEK ON WALL STREET

The U.S. and China announced a limited trade agreement last week. That news lifted U.S. and foreign stocks, leading to weekly gains.

Advancing 0.91% on the week, the Nasdaq Composite outperformed the S&P 500 (up 0.73%) and Dow Jones Industrial Average (up 0.43%). The MSCI EAFE index, measuring the performance of developed markets overseas, improved 0.42%.^{1,2}

PHASE-ONE TRADE DEAL REACHED, DECEMBER TARIFFS AVERTED

Friday, White House and Chinese officials confirmed an agreement on what has been characterized as an initial step toward a larger trade pact. As a result of this phase-one deal, new U.S. tariffs (slated to go into effect on December 15) were canceled. The 15% tariffs (imposed on \$110 billion of Chinese goods in September) now fall to 7.5%.

In return, China has committed to buying greater quantities of American crops, factory goods, and energy products.³

FED HOLDS STEADY ON SHORT-TERM INTEREST RATES

The last Federal Reserve meeting of the year brought no adjustment for the federal funds rate. The vote to leave short-term rates unchanged was unanimous.

After the meeting, Fed chair Jerome Powell told the media, "as long as incoming information about the economy remains broadly consistent with [our] outlook, the current stance of monetary policy will likely remain appropriate."⁴

RETAIL SALES DISAPPOINT

Economists, surveyed by Bloomberg, expected a **retail sales** gain of 0.5% for November, but according to the Department of Commerce, the advance was only 0.2%. In a bright spot for analysts who wanted to see a strong start to the holiday shopping season, sales at online retailers rose 0.8% last month.⁵

Note: There will be no Weekly Economic Update next week, but we will be back on December 30 with a special “Year-in-Review” edition of the WEU. Have a happy holiday season!

TIP OF THE WEEK



*When you schedule **home repairs** or **home improvements**, double-check that the **contractor** you hire is **licensed, fully bonded, and insured**. If that is not the case, you could be assuming unnecessary risk during their visit.*

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: The Census Bureau offers a snapshot of November residential construction activity.

Thursday: A look at November existing home sales from the National Association of Realtors.

Friday: November personal spending data and the third estimate of third-quarter economic expansion from the federal government, plus the year’s final University of Michigan Consumer Sentiment Index (which measures consumer confidence levels).

Source: Econoday, December 13, 2019

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

Tuesday: FedEx (FDX)

Wednesday: General Mills (GIS), Micron Technologies (MU), Paychex (PAYX)

Thursday: Accenture (ACN), Nike (NKE)

Friday: CarMax (KMX)

Source: Zacks.com, December 13, 2019

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.

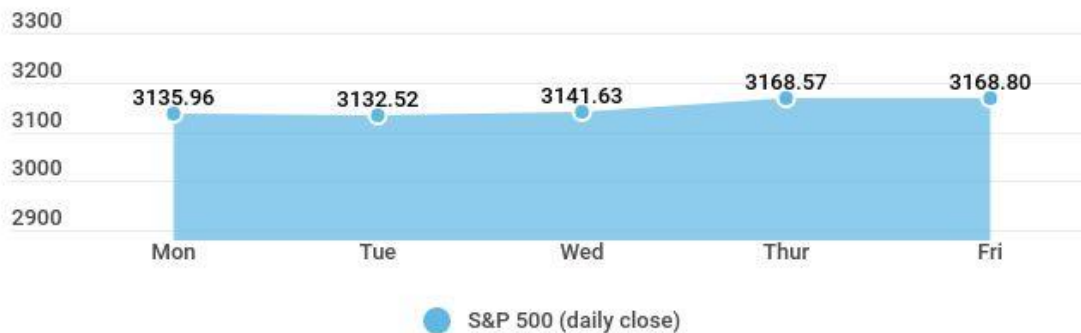
QUOTE OF THE WEEK



*“**Nothing** in the world is **permanent**, and we’re foolish when we ask anything to **last**, but surely we’re still more foolish not to take delight in it while we **have it**.”*

W. SOMERSET MAUGHAM

Market Index	Close	Week	Y-T-D
DJIA	28,135.38	+0.43%	+20.61%
NASDAQ	8,734.88	+0.91%	+31.64%
MSCI-EAFE	1,989.97	+0.42%	+15.70%
S&P 500	3,168.80	+0.73%	+26.41%



	Treasury	Close	Week	Y-T-D
	10-Year Note	1.82%	-0.02%	-0.87%

Sources: The Wall Street Journal, December 13, 2019; Treasury.gov, December 13, 2019

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, December 6 to the Friday, December 13 close. Weekly performance for the MSCI-EAFE is measured from the Friday, December 6 open to the Thursday, December 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



*The **more** places I be, the **less** you can see. What am I?*

LAST WEEK'S RIDDLE: Suppose you have two twins, three triplets and four quadruplets. How many people do you have?

ANSWER: 9. Two twins are 2 people, three triplets are 3 people, and four quadruplets are 4 people. $2 + 3 + 4 = 9$.



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- 2 - quotes.wsj.com/index/XX/MSCI%20GLOBAL/990300/historical-prices [12/13/19]
- 3 - [marketwatch.com/story/trump-announces-phase-one-china-trade-deal-and-scraps-dec-15-tariffs-2019-12-13](https://www.marketwatch.com/story/trump-announces-phase-one-china-trade-deal-and-scraps-dec-15-tariffs-2019-12-13) [12/13/19]
- 4 - [bloomberg.com/news/articles/2019-12-11/fed-leaves-rates-unchanged-and-forecasts-show-no-change-in-2020](https://www.bloomberg.com/news/articles/2019-12-11/fed-leaves-rates-unchanged-and-forecasts-show-no-change-in-2020) [12/11/19]
- 5 - [bloomberg.com/news/articles/2019-12-13/u-s-retail-sales-miss-forecasts-for-pickup-as-restaurants-drop](https://www.bloomberg.com/news/articles/2019-12-13/u-s-retail-sales-miss-forecasts-for-pickup-as-restaurants-drop) [12/13/19]

CHART CITATIONS:

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