



THE WEEK IN REVIEW

China's stimulus efforts helped to foster a risk-on rally after fears of the coronavirus rocked global markets in the second half of January. China's central bank, The People's Bank of China, injected hundreds of billions of dollars into the financial system when their stock market reopened on Monday after being closed for the extended Lunar New Year Holiday. The Shanghai Stock Exchange Composite (SSE), which provides a broad representation of mainland China's stock market, sold off 7.7% on Monday, but reversed trend on Tuesday with a 1.3% gain. The SSE finished the week 3.4% lower. The S&P 500, Nasdaq, and Dow Jones all reached new record closing highs on Thursday, and gained 3.2%, 4.0% and 3.0% this week, respectively.

China also announced it would slash the tariff rate in half on \$75 billion of U.S. imports as part of its efforts to implement the recently signed trade agreement with Washington. Beginning February 14, China will cut tariffs on some U.S. goods to 5% from 10%, while levies on other items will be reduced to 2.5% from 5%, according to China's Ministry of Finance. The tariffs were imposed in September and December during the trade fight between the world's two largest economies. The U.S. has already laid out plans to reduce the tariff rate on certain imports from China that have been penalized in the trade war, although most tariffs will remain in place.

On Thursday, the Senate acquitted President Trump of two impeachment charges (abuse of power and obstruction of Congress). The tally for conviction fell nearly along party lines and was far below the 67-vote threshold necessary for removal from office. Republican Senator Mitt Romney was the only member to break from his political party by voting to remove Trump from office. The acquittal votes, which ended the third presidential impeachment trial in American history, were a victory for Trump after months of scandal over Ukraine that threatened his presidency.

President Trump delivered his third State of the Union address on Tuesday. His speech focused on U.S. economic gains, such as the strong labor market, since he took office. Friday's employment report showed the labor market's strength continued in January with the U.S. adding 225,000 new jobs. Average hourly wages increased 3.1% from a year ago, and the unemployment rate increased to 3.6% from 3.5% in December, but is still near a multi-decade low.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Non-Farm Payrolls	225,000	185,000	▲
Unemployment Rate	3.6%	3.6%	-
Average Hourly Earnings (YoY)	3.1%	3.2%	▼
Markit US Manufacturing PMI	51.9	51.3	▲
Markit US Services PMI	53.4	50.6	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	29102.51	3.00%	1.98%	15.63%
NASDAQ	9520.51	4.04%	6.11%	30.63%
S&P 500	3327.71	3.17%	3.00%	22.97%
MSCI EAFE	2037.82	2.21%	0.04%	11.81%
Bbg Barclays Aggregate US	2258.57	-0.41%	1.51%	9.16%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	1.54%	1.51%	2.40%
10-Year Treasury	1.58%	1.82%	2.66%

REPORTS DUE NEXT WEEK	LATEST
Core Consumer Price Index (YoY)	2.3%
JOLTS Job Openings (Millions)	6.8
NFIB Small Business Optimism	102.7
Retail Sales (Less Autos YoY)	6.3%
U. of Mich. Consumer Sentiment	99.8

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

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