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FINANCIAL MARKET UPDATE
3/8/19

THE WEEK IN REVIEW

The first full week of March was characterized by rising negative sentiment across markets, as all three major U.S. stock averages declined by more than 2.1%. The S&P 500 Index's best performing sector on the week was utilities (0.7%), while the healthcare sector (-3.9%) was the worst sector performer. The most prominent items weighing on global markets this week were a downbeat assessment of euro zone growth from the European Central Bank and an unexpectedly weak U.S. payrolls report for February. The risk-off tone pushed bond prices higher and yields on the benchmark ten-year U.S. Treasury Bond lower by about 0.12% on the week to 2.63% in late Friday trading. Gold, often considered a safe haven asset, posted a small weekly gain of roughly 0.5% to close near $1,300 per ounce.

On the corporate earnings front, hypermarket Costco Wholesale Corp., and retailer Target Corp. were bright spots in an otherwise gloomy week. During their most recent reporting period, both companies saw their shares advance by more than 3.8% on stronger-than-expected growth in the key metric of same-store sales. In contrast, grocery store chain Kroger Co. was among the worst performing stocks in the S&P 500 this week, declining 12.7% after poorly received quarterly financial results and management commentary.

The Labor Department reported today that non-farm payrolls in the U.S. increased by just 20,000 in February. January and December non-farm payrolls were upwardly revised to 311,000 and 277,000, respectively. Market commentators and economists were forecasting lower levels of February payrolls growth than had been seen in previous months, but the 20,000 number was well below the expected range of 130,000 to 200,000. Although the weak headline payrolls number was disappointing, the unemployment rate dropped to 3.8%, as the number of unemployed fell by 300,000. Additionally, average hourly earnings rose 0.4% month over month and 3.4% on a year-over-year basis, marking the largest annual gain in the post-financial crisis era.

The extended partial government shutdown and severe cold weather likely contributed to the weak February number. The most impacted sectors of the labor market in February were goods-production and construction, which saw net jobs drop by 32,000 and 31,000, respectively. Federal Reserve policymakers will most likely wait to see the next several months' worth of data before adjusting monetary policy based on prospective labor market weakness.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
ISM Non-Manufacturing	59.7	60.4	▼
New Home Sales (Thousands Annualized)	621	609	▲
Non-Farm Payrolls	20,000	196,000	▼
Unemployment Rate	3.8%	3.7%	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	25450.24	-2.21%	9.10%	2.23%
NASDAQ	7408.14	-2.46%	11.65%	-0.27%
S&P 500 Large Cap	2743.07	-2.16%	9.42%	0.15%
MSCI EAFE	1858.11	-1.09%	8.04%	-8.77%
Barclays Aggregate US	2075.77	0.62%	1.43%	3.62%

KEY BOND RATES	CURRENT	1WK AGO	1MO AGO	1YR AGO
3-Month T-Bill	2.44%	2.43%	2.41%	1.65%
10-Year Treasury	2.63%	2.75%	2.63%	2.86%

REPORTS DUE NEXT WEEK	LATEST
Retail Sales (Less Autos YoY)	2.0%
Consumer Price Index (YoY)	1.6%
Durable Goods Orders	1.2%
U. of Mich. Consumer Sentiment	93.8

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