

# Weekly Economic Update

Citizens Savings & Loan Assoc., FSB

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## WALL STREET SEES ITS FIRST CORRECTION SINCE 2016

On Friday, the S&P 500 settled at 2,619.55, down 5.16% for the week. Thursday, it entered correction territory just nine days after its January 26 record close. The Dow Jones Industrial Average made even bigger headlines last week by taking two 1,000-point drops within four days, the second occurring Thursday

## SERVICE SECTOR GREW RAPIDLY IN JANUARY

*At a mark of 59.9, the Institute for Supply Management's latest purchasing manager index for the service sector bettered the forecast of analysts polled by Briefing.com, who expected a small climb to 56.7. The index was at 56.0 for December*

## EARNINGS LOOK STRONG

FactSet's latest analysis of corporate profits shows a 14% Q4 earnings growth rate and a Q4 sales growth rate of 8.0% for the S&P 500. Through Friday, 65% of S&P 500 companies had reported quarterly results.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-2.14	+19.92	+14.58	+9.86
NASDAQ	-0.42	+20.28	+23.05	+19.83
S&P 500	-2.02	+13.51	+14.51	+9.68

## WEEK IN REVIEW

By Lester Murray Financial Strategies Group.

Remember when a 500 point swing in the stock market was considered a big deal? Back when baseball bats were made of wood and golf shoes had real spikes. Ah, the good ol' days. Now, little-leaguers are armed with aluminum bats, golf shoes look like sneakers, and a 500 point plummet in the Dow is just Wall Street having a bad day.

A reversal of fortune can happen quickly in the world of investing, and many of those who started out the week sippin' the wine are now finding themselves stompin' the grapes. To make matters worse, even grape futures are down. And bond prices, which unlike stocks have at least a tangential connection to reality, have gotten a little nicked-up, too. To some, an almost 20 basis-point pop in the Ten- Year yield might seem like more than a little nick, but heightened fears of the Fed have prevented the Treasury rally that one would normally expect in the face of such an equity rout.



## WEEKLY QUOTE

"Understanding human needs is half the job of meeting them."

- Adlai Stevenson

## WEEKLY TIP

Risk and reward go hand in hand when investing. For that reason, it is crucial to define your risk tolerance limits. When investors lose their tolerance, they can make emotional decisions they may later regret.

## WEEKLY RIDDLE

Cheryl was driving a black car. Its lights were off, and there was no moonlight. A cat walked into the middle of the road. How did she know to stop?

## Last week's riddle

A key.

Sources: Financial Strategies Group, The Baker Group, wsj.com, bigcharts.com, treasury.gov and Marketing Pro

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