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# The Spyglass Advisor: The U.S. Economy & Banks lead the parade

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**The U.S. Stock market was hit this past week with a series of good news that has impacted the markets to maintain their record high levels. Let's review the economic calendar.**

### 1. Economic front: Primary indicators for Jan. 13-17

- U.S. Consumer Price Index increased to 258.50 on Jan. 14 versus 257.94.
- U.S. Consumer Price Index (month over a month [MOM]), reported Jan. 14, was at 0.22 percent, down from 0.26 percent.
- U.S. Producer Price Index (year over year [YOY]), reported Jan. 15, rose to 1.28 percent from 1.11 percent.
- U.S. Initial Jobless Claims dropped to 204,000 on Jan. 16, which was down from 214,000.
- U.S. Retail Sales MOM rose to 0.35 percent on Jan. 16, which was up from 0.26 percent, and was higher than the long-term average.
- U.S. Retail Sales YOY, reported Jan. 16, rose to 5.96 percent from 3.11 percent and is higher than the long-term average of 4.26 percent.
- The 30-Year Mortgage Rate, reported Jan. 16, was flat at 3.64 percent from the previous month.
- U.S. Business Sales were up to \$1.466 trillion compared to \$1.456 trillion the previous month.

While growth is expected to slow during 2020 to just under the 10-year expansion metrics, consumers are predicted to continue to fuel the economic expansion.

### 2. Primary U.S. Economic Indicators Calendar Jan.20-Jan.26, 2020

- U.S. Existing Home Sales  
5.35M  
01/22/2020  
10:00 AM  
Reported Monthly
- U.S. Initial Jobless Claims  
204000  
01/23/2020  
8:30 AM  
Reported Weekly

- 30 Year Mortgage Rate  
3.64%  
01/23/2020  
10:00 AM  
Reported Weekly

### 3. Phase 1 trade deal What does the Phase One trade deal include?

China commits to increase purchases of goods and services by \$200 billion over two years. The breakdown includes \$78 billion in manufactured goods, \$52 billion in energy, \$32 billion in agricultural products, and \$38 billion in services during the Phase One agreement, which relieves some of the pressure. However, until the Phase Two deal is signed, trade matters with China will likely remain a source of market volatility for 2020.

### 4. U.S. bank holding Lead the earnings parade

Some in corporate America have claimed President Trump has been the best thing that has happened to them. At the same time, other elite businesspeople believe his presidency is hurting the country, with budgets out of control and borrowing at increased levels. For these reasons, we decided to embark on an analytical study of the top in the U.S. banking sector. This past week, three of the top U.S. bank holding companies reported their fourth-quarter earnings, and most beat their estimates.

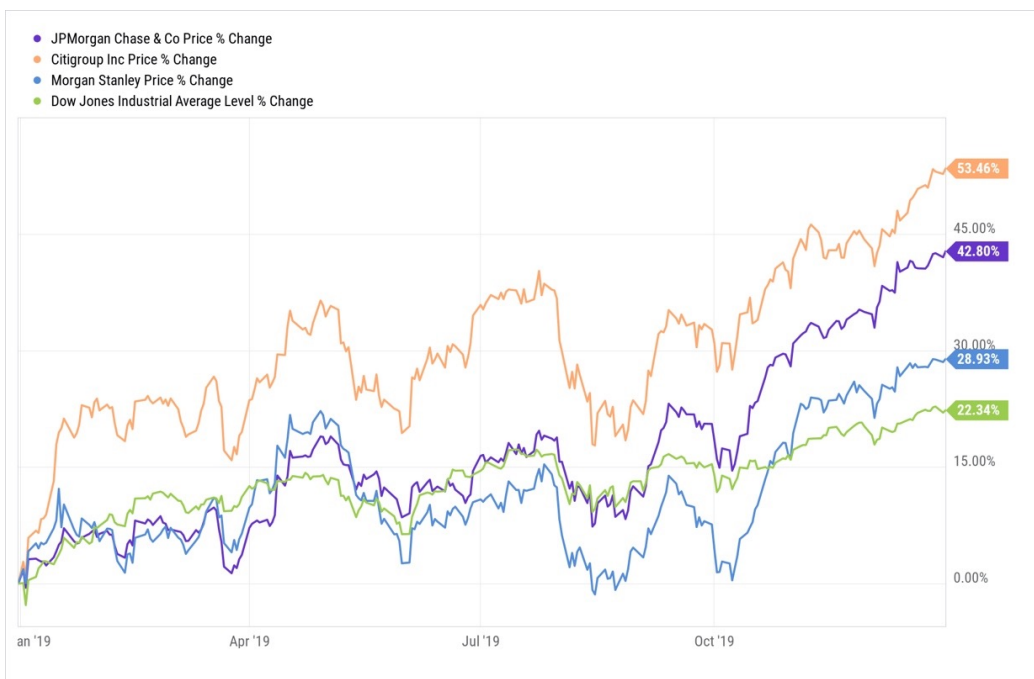
- **JPMorgan Chase & Co.**
  - Ticker Symbol: JPM
  - Stock Price Jan. 1, 2019: \$100.69
  - Stock Price Jan. 15, 2020: \$138.20
  - Stock Price Increase: \$37.51
  - Fourth Quarter (4Q) 2019 Revenue: \$28.33 billion
  - 4Q 2019 Net Income: \$8.52 billion
  - Total return for 2019: 42.80 percent
- **Citigroup Inc.**
  - Ticker Symbol: C
  - Stock Price Jan. 1, 2019: \$55.13
  - Stock Price Jan. 15, 2020: \$81.12
  - Stock Price Increase: \$25.82
  - 4Q 2019 Revenue: \$18.38 billion
  - 4Q 2019 Net Income: \$4.97 billion
  - Total Return for 2019: 53.46 percent

- **Morgan Stanley**

- Ticker Symbol: MS
- Stock Price Jan. 1, 2019: \$40.40
- Stock Price Jan. 15, 2020: \$57.51
- Stock Price Increase: \$17.11
- 4Q 2019 Revenue: \$28.33 billion
- 4Q 2019 Net Income: \$8.52 billion
- Total return for 2019: 28.93 percent

When compared with the Dow Jones Industrial Average's return of 22.34 percent, it is noted that the three banks beat the Dow Jones handsomely:

- **Citigroup Inc. had a performance of 53.46 percent;**
- **JPMorgan Chase & Co. had a performance of 42.80 percent; and**
- **Morgan Stanley had a return of 28.93 percent.**



## 5. U.S. Stock Market Update

This was a positive week for the markets, with the Dow Jones Industrial Average closing at 29,348.10, for a gain of 524.33 points, or 1.82 percent and a year-to-date (YTD) return of 2.8 percent. The S&P 500 closed at 3,329.35 for an increase of 64.27 points, or 1.97 percent, and a YTD return of 3.1 percent. The Nasdaq closed at 9,388.94, for a gain of 210.08, or a 2.29 percent increase and a YTD return of 4.6 percent. The Birling Capital

Puerto Rico Stock Index closed at 1,725.96, or a loss of 7.7 points, or -0.44 percent, and a YTD return of 1.89. Meanwhile, the U.S. Treasury's 10-year note closed, gaining 1.84 percent or an increase of 0.55 percent. The U.S. Treasury's 2-year note closed at 1.58 percent, or a gain of 1.28 percent.

Weekly Market Close Comparison	1/17/20	1/10/20	Change	YTD Return
Dow Jones Industrial Average	29,348.10	28,823.77	1.82%	2.8%
Standard & Poor's 500	3,329.62	3,265.35	1.97%	3.1%
Nasdaq	9,388.94	9,178.86	2.29%	4.6%
Birling Puerto Rico Stock Index	1,725.96	1,733.66	-0.44%	1.89%
U.S. Treasury 10-Year Note	1.84%	1.83%	0.55%	-0.1%
U.S. Treasury 2-Year Note	1.58%	1.56%	1.28%	-0.1%

Our market perspective report The Spyglass Advisor contains both our analysis that the economy in the U.S. and markets and banking sector. We hope that you have enjoyed this issue of The Spyglass Advisor ©, and we very much welcome your comments, thoughts, and ideas; you may reach us at [frc@birlingcapital.com](mailto:frc@birlingcapital.com) or 787-247-2500.



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