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The Spyglass Advisor: The U.S., Global Markets & Coronavirus

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The U.S. & Global Markets & Coronavirus

As the news of the coronavirus spread across the world, with a severe impact in China and direct impact in the U.S. and other global cities, U.S. stocks reacted, finishing the week with losses on all major indices. In addition, global markets lost traction as China's spreading coronavirus outbreak is anticipated will have an impact on the Chinese economy, and the nation begins to celebrate the Year of the Rat. China has had other episodes of viral outbreaks that had an effect on other cities worldwide. However, it is worth noting that the economic impact of these outbreaks has been limited.

1. Economic Front: U.S. Primary Indicators Calendar Jan.20-Jan.26, 2020

- **U.S. existing-home sales:** Existing-home sales were reported increases of 5.54 million in December 2019 from 5.34 million in November 2019, or a 3.55 percent increase.
- **U.S. initial jobless claims:** On Jan. 23, initial jobless claims were 211,000 versus 205,000 during the previous week or a 2.92 percent increase.
- **30-year mortgage rate:** The fixed interest rate U.S. homebuyers would pay if they were to take out a 30-year loan rose to 3.65 percent from 3.64 percent.

2. Primary U.S. Economic Indicators Calendar Jan. 27 to Feb. 2

- U.S. New Single-Family Houses Sold 719.00K
01/27/2020 10:00 A.M. Reports Monthly
- U.S. Durable Goods New Orders MoM -2.02%
01/28/2020 8:30 A.M. Reports Monthly
- U.S. Durable Goods New Orders YoY -3.69%
01/28/2020 8:30 AM Reported Monthly

- U.S. Initial Jobless Claims 211,000
01/30/2020 8:30 AM Reported Weekly
- U.S. Real GDP Growth 2.10%
01/30/2020 8:30 AM Reported Quarterly
- U.S. Personal Savings Rate 7.80%
01/30/2020 8:30 AM Reported Quarterly
- 30 Year Mortgage Rate 3.65%
01/30/2020 10:00 AM Reported Weekly

3. U.S. Stock Market Update

This was a negative week for the markets, with the Dow Jones Industrial Average closing at 28,989.73, a loss of 358.37 points, or -1.22 percent and a year-to-date (YTD) return of 1.6 percent. The S&P 500 closed at 3,295.47, a loss of 34.10 points, or -1.03 percent and a YTD return of 2.0 percent. The Nasdaq closed at 9,314.91, a loss of 74.03, or a -0.29 percent increase and YTD return of 3.8 percent. The Birling Capital Puerto Rico Stock Index closed at 1,954.98, or a loss of 52.37 points, or -2.61 percent, and a YTD return of -4.07. Meanwhile, the U.S. Treasury's 10-year note closed, gaining 1.69 percent or a decrease of -8.15 percent. The U.S. Treasury's 2-year note closed at 1.49 percent, or a loss of -5.70 percent.

Weekly Market Close Comparison	1/24/20	1/17/20	Change	YTD Return
Dow Jones Industrial Average	28,989.73	29,348.10	-1.22%	1.6%
Standard & Poor's 500	3,295.47	3,329.62	-1.03%	2.0%
Nasdaq	9,314.91	9,388.94	-0.79%	3.8%
Birling Puerto Rico Stock Index	1,954.98	2,007.35	-2.61%	-4.07%
U.S. Treasury 10-Year Note	1.69%	1.84%	-8.15%	-0.2%
U.S. Treasury 2-Year Note	1.49%	1.58%	-5.70%	-0.1%

A significant portion of the week's losses hit the market on Friday's when the S&P 500 fell 0.9%, just as a second confirmed case of the new coronavirus was reported in the U.S. while the number of deaths and infections in China ramped up. The Centers for Disease Control (CDC) expect the virus to spread to more people in the United States, and other parts of the world.

It worth noting that the energy sector had the most significant percentage reduction during the trading week, losing 4.8%, as the oil futures fell as concern over travel disruptions that may occur due to the coronavirus. In Wuhan, the center of the coronavirus outbreak, the Chinese government has banned travel to and from Wuhan.

The World Mourns Kobe Bryant

All kinds of Tributes continued pouring in from around the world Monday for Kobe Bryant. Kobe was more than an athlete; he was the preeminent American icon whose cultural impact goes far beyond the NBA. Kone and his 13-year-old daughter Gigi and seven other people were killed in a helicopter crash this past Sunday in Calabazas, California. When the Grammy's organizers chose Staples Center as their venue of the annual event, no one would have imagined that the show would begin by paying tribute to Kobe.

The tributes continued inside as Grammy's host Alicia Keys called the stadium "the house that Kobe Bryant built."

Rest in peace Kobe & Gigi Bryant, and the rest of the passengers.

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 or 787-247-2500.



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