

## Top Headline: Stocks Plummeting

Stocks plunged Monday and tripped the circuit breaker for the third time in six sessions after the Federal Reserve slashed the benchmark interest rate to near zero on Sunday afternoon. This marks the Fed's second emergency cut this month. The Fed also announced it would buy \$700 billion in Treasury and mortgage-backed securities, cut the rate banks are charged for short-term emergency loans and initiated swap lines with five other central banks. Flight to safety was reflected in the 10-year Treasury yield of 0.75%, down from 0.946% at end of day Friday. Brent crude fell 10% to \$30.38 per barrel, responding to decreasing demand for energy.

## Other News

Presidential candidates Joe Biden and Bernie Sanders met in their eleventh democratic debate last night. While most of the night focused on how both candidates would have handled the coronavirus outbreak, an additional highlight included Biden committing to nominating a woman as vice president. Both candidates have canceled rallies, and primaries have been delayed in response to the pandemic.

## On Tap This Week

The Fed will meet this Wednesday for its regular policy meeting.

## Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
W 3/11	CPI	Feb	0.1%	0.1%	0.1%	CPI was in line with last month's gains, with year-on-year rates of 2.3% and 2.4%, respectively
W 3/11	Core CPI	Feb	0.2%	0.2%	0.2%	
Th 3/12	Initial Jobless Claims ♦	3/7	215K r	216K	211K	Claims remained low, having yet to see an impact from the coronavirus
Th 3/12	PPI	Feb	0.5%	-0.1%	-0.6%	Prices were down, with energy leading the drop
Th 3/12	Core PPI	Feb	0.5%	0.1%	-0.1%	
F 3/13	Consumer Sentiment ♦	Mar(p)	101.0	95.0	95.9	Sentiment dropped, led by a decline in expectations for the economy in the year ahead

Actual < Expected

Actual > Expected

♦ Leading Indicator

## Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	25865	23185	-10.36%	-17.59%
S&P 500	2972.4	2711.0	8.79%	-14.45%
USD*	96.0	98.75	2.92%	1.62%
10-Year Treasury <sup>+</sup>	0.76%	0.96%	0.20%	-1.06%

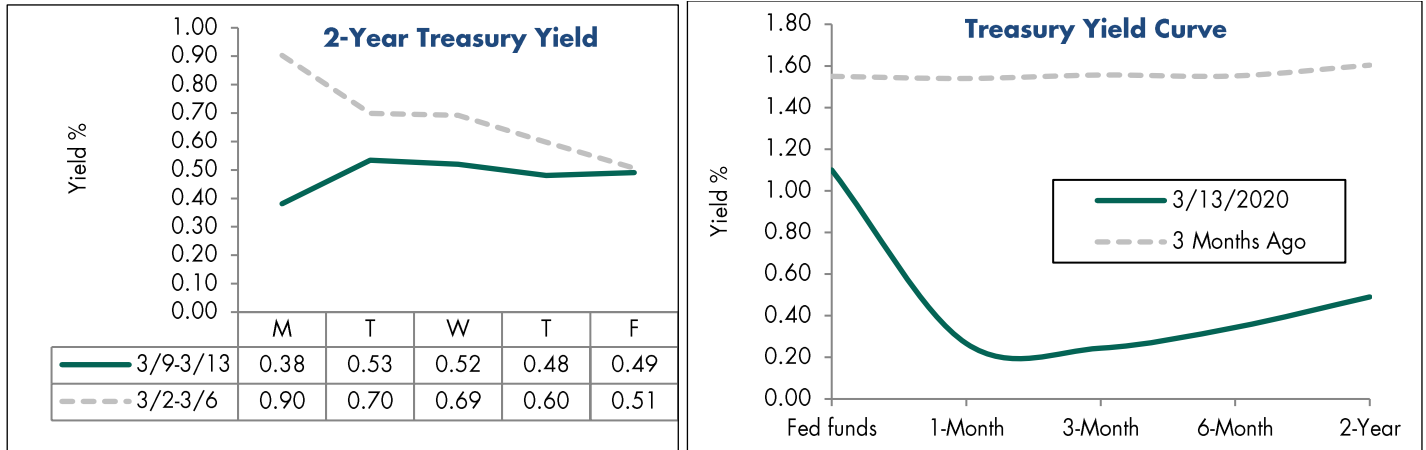
## Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
T 3/17	Industrial Production	Feb	-0.3%	0.4%
W 3/18	Housing Starts ♦	Feb	1.567M	1502K
W 3/18	Housing Permits ♦	Feb	1.551M	1500K
Th 3/19	Initial Jobless Claims ♦	3/14	211K	219K
F 3/20	Existing Home Sales	Feb	5.46M	5.50M

\*ICE U.S. Dollar Index Spot Price

<sup>+</sup>Absolute change in yield over specified period

## Yield Curve Highlights



## Detailed Economic Releases

3/11/2020	Prev.	Exp.	Act.
CPI	0.1%	0.1%	0.1%
Core CPI	0.2%	0.2%	0.2%

CPI increased by 0.1% in January, with the year-on-year rate up by 2.3%. Shelter and food price increases were the main cause for the increase in the index, offsetting a drop in energy prices. Food was up by 0.4% on the month, with food at home up by 0.5% in what was its largest monthly increase since May 2014, while the energy index fell by 2.0% in February. Core CPI also rose by 0.2%, supported by increases in shelter, apparel, personal care, used cars and trucks, education and medical care. Recreation and airline fares fell in February. Core CPI was up by 2.4% on the year.

**Summary: CPI was up in line with January’s increases, with shelter and food gains offsetting declines in energy.**

3/12/2020	Prev.	Exp.	Act.
Initial Jobless Claims	215K r	216K	211K

Jobless claims were down on the week from last week’s downwardly revised level of 215K to 211K. The four-week average was up 1,250 on the week to 214K. Continuing claims were down 11,000 to 1.722M from the previous week’s level, with this four-week average up 5,250 to 1,727,500.

**Summary: Claims were down from last week’s downwardly revised reading, but have yet to see an impact from the coronavirus.**

3/12/2020	Prev.	Exp.	Act.
PPI	0.5%	-0.1%	-0.6%
Core PPI	0.5%	0.1%	-0.1%

PPI fell by 0.6% in February, after rising 0.5% in January, with the majority of the decline due to decreases in prices of goods. Meanwhile, PPI for services fell by 0.3%. Prices excluding foods, energy and trade services fell by 0.1%, marking the first decline since June 2019. Energy was the primary good whose prices fell, down by 3.6%, with gas prices down 6.5%. Prices of pharmaceuticals and electric power also increased. With regard to services, more than 70% of the decrease is due to final demand trade services, which were down 0.7%. Prices for final demand services excluding trade, transportation and warehousing and warehousing services fell 0.1% and 0.6%, respectively. Airline passenger services moved lower, while margins for machinery, equipment, parts, and supplies wholesaling were all up.

**Summary: Prices were pulled down by energy, with a drop in goods prices beating out the drop in services prices.**

3/13/2020	Prev.	Exp.	Act.
Consumer Sentiment	101.0	95.0	95.9

Consumer sentiment fell in the first week of March, due to the stock rout and continuing spread of the coronavirus. Though reactions reflected here have been tempered so far, sentiment is expected to continue to take a hit. Respondents' judgments regarding prospects for the economy in the year ahead fell by 29 points, accounting for 83% of the total point decline in early March. However, consumers viewed the economic outlook over the next five years more positively than last month.

**Summary: Sentiment fell and is expected to continue to fall as impact of the coronavirus takes effect. The index and general feeling among the population will be dependent on quick execution of cash transfers and debt forbearance by multiple sources.**

## About Us

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