



# Weekly Market Review

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## *The Week Ending January 10, 2020*

The first full week of the new year was full of potential volatility, but it continued with the trend of 2019 as the S&P 500 Index continued to grind higher. This is all despite geopolitical events that indeed could have launched a market decline. The week ended with December's jobs report, which showed the fourth quarter to be stronger than earlier in the year.

The Iran-U.S. conflict has been the dominant topic for the start of the year. At times, it was difficult to look past the headlines and into other events having an impact on the stock market. Last week, the two countries appeared to be on the brink of war; luckily, those risks have subsided for the time being. January 8th marked Iran's response to the U.S.'s missile strike, which killed a top Iranian military commander, by bombing military bases in Iraq that housed U.S. troops. Considering these strikes did not kill any soldiers or hit critical strategic targets, the situation has since de-escalated. The market's initial reaction to the conflict was a spike in the price of crude oil; this is expected when conflict occurs in the Middle East. Since then, crude oil has steadily fallen, trading below \$60 per barrel, after peaking over \$65 per barrel after the initial U.S. strike.

Putting geopolitics aside, hopefully for a while, let's focus back on what matters to the economy: fundamentals. The always highly-anticipated jobs report was released last Friday morning, and while it did not top expectations, there are still many positives to take from the report. 2019 marked a record tenth straight year of job growth, ending a decade which added 22.6 million jobs. This contrasts with the one million jobs lost during the 2000s decade, which consisted of two recessions, and instead was a decade-long expansion for the 2010s.

December's jobs report marked the first time women made up the majority of the labor market since 2010. During 2010, manufacturing and construction jobs were declining, and companies were laying off employees as the economy was in the beginning phases of recovering from the Financial Crisis. Currently, women are dominating the fastest growing sectors of the economy, education and health care, making this a much stronger and essential data point than ten years ago.

Jobs were added at a faster rate in the fourth quarter than the prior three of 2019. The signing of a Phase One trade deal between the U.S. and China this week will hopefully help companies regain confidence and increase hiring in more of the industrial industries. Much of 2019's economic slowdown was built around uncertainty following the ongoing trade war between the two nations. The Phase One deal will be a positive step forward for the negotiations.



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