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FINANCIAL FOCUS:

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It's supposed to be the most wonderful time of the year. For the market, it was the most volatile. Investors are reeling in their expectations as the global economy shows signs of slowing and monetary policy continues to tighten.

By Gabriella Cosentino

Jobs & Consumer Confidence

The U.S. gained 312,000 new jobs in December, capping off the biggest increase in hiring in three years and showing that the second longest economic expansion in U.S. history still has plenty of staying power, despite growing worries about a slowdown.

The unemployment rate rose to 3.9% from a 49-year low of 3.7%. The percentage of working-age Americans in the labor force climbed to a one and a half year high as more people searched for jobs. That's usually seen as a positive, as people believe that work is easier to find.

The number of Americans applying for unemployment benefits fell slightly the week before Christmas, reflecting an ascending U.S. labor market and the low number of layoffs taking place during the holiday season.

Initial jobless claims



Despite market gyrations and Washington chaos, consumers appeared happy to spend. This year's holiday

retail spending was reported to be among the strongest on record, up over 5% between November 1st and December 19th—signaling consumer confidence driven by a record percentage of online purchases.

Commodities

It was a turbulent year for oil. The U.S. became the world's top producer, regaining a spot it ceded 45 years earlier. Crude oil prices reached their highest level in four years, before suffering one of their steepest collapses.

U.S. crude prices fell 38% in the final quarter of 2018—the largest quarterly slide since the final months of 2014. Swelling oil production figures out of the U.S., Saudi Arabia, and Russia triggered the price slump. Oil ended the year at \$45.41 a barrel.

Market Overview

U.S. stocks closed out 2018 with their steepest annual declines since the financial crisis. The Dow, S&P 500 and Nasdaq lost 5.6%, 6.2% and 3.9%, respectively, for the year.

The Dow Jones Industrial Average ended the year at 23,062.40, while the S&P 500 Index finished at 2,485.74 and the Nasdaq Composite Index at 6,584.52.

What's Ahead?

The economy seems to be on sound footing, despite signs of softening in areas such as housing and manufacturing. But a huge drop in the U.S. stock market over the last few months of the year has dampened some enthusiasm. Most economists predict that the U.S. economy will slow in 2019 as recent government stimulus recedes and the Federal Reserve raises interest rates. But as long as most Americans are working, a recession is unlikely.

Sources: *MarketWatch* & *The Wall Street Journal*; December 2018, January 2019.

(over, please)



Numbers Talk

Percentage of Americans surveyed who said they plan to spend more money on goods and services in 2018 as a result of the Tax Cuts and Jobs Act... **11**

Percentage of taxpayers estimated to continue to itemize deductions in 2018....**13**

Percentage of tax returns that contained itemized deductions in previous years....**30**

Amount of personal wealth in the U.S. that women control (51 percent of the total)....**\$14 trillion**

Percentage of American millennials surveyed who say nothing makes them happier than feeling their finances are in order...**90**

Percentage of American millennials who are extremely or somewhat concerned about affording a comfortable retirement...**80**

Number of American millennials who think they might outlive their retirement savings...**Two-thirds**

Percentage of households that prefer a mix of live professional financial advice and digital forms of guidance...**41**

Percentage of Americans who said they'd like creating a financial plan to be at least as easy as booking a hotel room...**56**

Percentage of consumers who prefer brands that make it easy to interact with a real person...**86**

Percentage of Americans who still prefer more human assistance over automation even for daily financial activities...**43**

Contact Information Changes?

New cell phone # or email address?
Be sure to update your contact information
with our office.

Charles Schwab Highlight: The Client Learning Center Website

Learn about managing your account details, understanding your statements, protecting your information online, opening a new account, getting online access, transferring assets, and more!

<http://content.schwab.com/learningcenter/index.html>



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