



FINANCIAL FOCUS:

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It was a good year. Stocks soared in 2019. Housing strengthened and fears of a U.S. recession eased, thanks to a resilient labor market and signs of solid consumer spending.

By Gabriella Cosentino

Consumer Confidence, Economy & Jobs

U.S. consumer confidence ended the year higher than it began as Americans felt confident in the economy. And by historic standards, consumer confidence remains high.

Consumers are responsible for the largest chunk, by far, of economic activity in the U.S., and their willingness to keep shopping has offset declining business investment in the face of the trade war and an uncertain outlook.

Holiday sales rose 3.4% this year over 2018. Online sales grew more sharply—18.8%—marking the continuing change in how people shop.

Apparel sales gained 1% over the last year and 17% online. Spending on jewelry went up 1.8% over all and 8.8% online. Sales of electronics and appliances rose 4.6%, and home furniture and furnishings grew 1.3%.

The move to more online shopping has come at the expense of brick-and-mortar stores. The retail industry announced more than 9,000 store closings in 2019. A survey conducted by SpendingPulse found a 1.8% decline in sales at department stores, which have been hit particularly hard by the transformation of consumer shopping. Another sign of the troubles facing department stores: their online sales grew only 6.9%.

The economy grew at a 2.1% annual rate in the third quarter of 2019, and has been expanding for 11 years—one of the longest periods of continuous growth recorded.

Employers added 266,000 jobs in November, and unemployment remained at 3.5%, the 21st consecutive month with a unemployment rate of 4% or lower.

The best labor market in decades has made Americans feel secure in their jobs and confident enough to keep spending. The pace of layoffs and unemployment are both near half-century lows and wages are rising.

Commodities

Oil rallied in December for its biggest monthly gain since April. An agreement by the Organization of the Petroleum Exporting Countries to deepen production cuts and an agreement on a “phase one” trade deal between the U.S. and China, along with an easing of worries over the global economic backdrop were seen contributing to the positive finish for the year.

Crude oil ended the quarter at \$60.06 a barrel, up 11% for the month and 34% for the year. That is its largest annual gain since 2016.

Gold received an undercurrent of support into the year-end from lower U.S. bond yields, persistent geopolitical risks and a weaker U.S. dollar.

Gold futures ended 2019 at the highest level since late September, after a strong rally for the metal produced the largest return in nearly a decade. Gold ended the year at \$1,523.10 an ounce.

Market Overview

Stocks around the world closed out one of their best years over the past decade, despite fears for the bull market early in 2019.

The S&P 500 finished the year up 29% for its best showing since 2013, while the Dow added 22% and the Nasdaq advanced 35%. On the final day of trading, the S&P 500 closed the year at 3,230.78, while the Dow Jones Industrial Average finished at 28,538.44 and the Nasdaq Composite at 8,972.60.

What's Ahead?

Although the global economy cooled, the level of anxiety that investors say they have about that threat seems more subdued than was the case a year ago.

(over, please)



Americans keep spending, driving the economy at a time when unemployment is at a half-century low point despite headwinds from the trade wars.

As for the ongoing trade war with China, most economists predict that prospects for U.S. growth will expand at a somewhat slower pace in 2020.

Sources: *MarketWatch*; *The Wall Street Journal*; *The New York Times*: December 2019; *Barron's*: January 2020.

Numbers Talk

Growth in the U.S. population in 2019, the slowest in a century...**1.5 million**

Percentage of affluent Americans who said they were very or somewhat likely to change their personal financial plans based on the new federal tax law...**63**

Percentage of households that paid more taxes under the Tax Cuts and Jobs (AICPA) Act...**6**

Percentage of clients across all generations who prefer human assistance over automation for daily financial activities...**43**

Percentage of advisers who said the top talent they're looking for in job candidates are people skills...**70**

Percentage of Americans who prefer brands that make it easy to reach a real person...**86**

Percentage of Americans who say that artificial intelligence will have the biggest impact on financial services...**28**

Percentage of consumers who expect to conduct more of their financial business online within the next five years...**63**



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