

Stock Market News - 02/01/20

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Market Indexes: It was a bad week for the market, as investors were rattled by the rapid spread of the Corona virus, and its negative economic potential. Energy prices fell, due to speculation that the virus would hamper travel and economic activity in China.

"Global equity markets posted their biggest weekly and monthly loss since August on Friday as China extended the Lunar New Year holiday due to a virus outbreak, fueling worries about the economic impact of containment efforts in the world's second largest economy. The benchmark S&P 500 suffered its worst weekly performance since September as China locked down several cities and curbed travel, reminding investors of the deadly SARS virus that killed nearly 800 people in 2002-03 and cost the global economy billions." (Reuters) Investors were also rattled by mixed earnings reports.

INDEX	CURRENT PRICE	% CHANGE	YTD % CHANGE	THIS MONTHS CHANGE	THIS WEEKS CHANGE %
DOW JONES INDUSTRIALS	\$28,256.03	-2.09%	-0.99%	-0.99%	-2.53%
S&P 500	\$3,225.52	-1.77%	-0.16%	-0.16%	-2.12%
NASDAQ COMPOSITE	\$9,150.94	-1.59%	1.99%	1.99%	-1.76%
RUSSELL 2000 ETF	\$160.53	-2.07%	-3.10%	-3.10%	-2.94%

This Week's Options Trades: Looking for high yield covered call and high yield put-selling trades?

We added **3** new high yielding options trades for defensive stock Coca-Cola (KO) this week, to our [Public Cash Secured Puts Table](#) and our [Public Covered Calls Table](#).

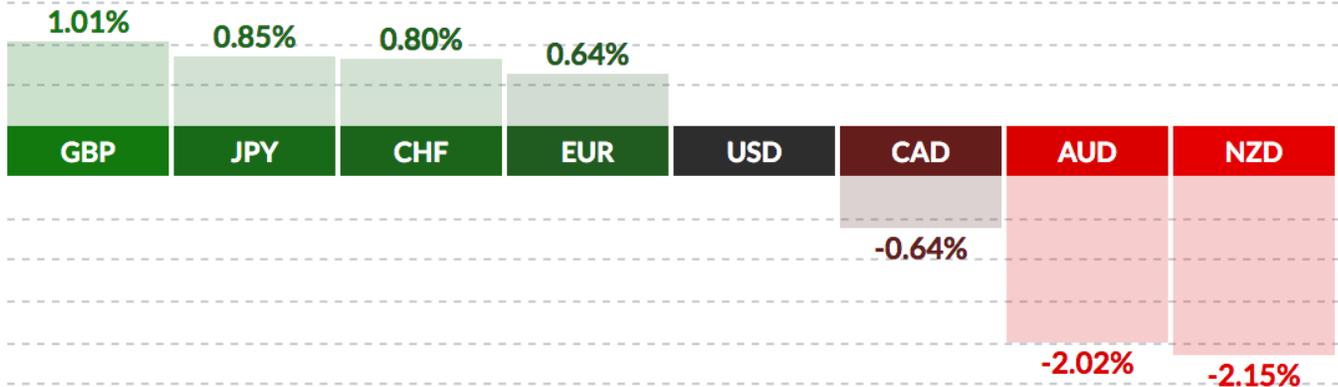
Volatility: *The VIX rose 56% this week, ending the week at \$18.84, its highest close since October.*

High Dividend Stocks: These high yield stocks go ex-dividend next week: APLE, SPH, MMP.

Market Breadth: 6 out of 30 DOW stocks rose this week, vs. 10 last week. 20% of the S&P 500 rose, vs. 83% last week.

FOREX: The US \$ rose vs. the Loonie, and the Aussie & NZ \$, but fell vs. the Pound, the Yen, the Swiss Franc, and the Euro.

1 WEEK RELATIVE PERFORMANCE [USD]



Our Latest Seeking Alpha Articles:

["2 Defensive High Yielders, 5%-Plus To 6%, Outperforming During Pullbacks, No K-1's" \(FRIDAY\)](#)

["Coca-Cola: The Real Thing For Defense, Plus Two 10% Trades" \(SATURDAY\)](#)

Economic News: "The Federal Reserve on Wednesday left unchanged a key interest rate that influences borrowing costs, but it also said it is closely monitoring the severity of a deadly coronavirus and the potential for the illness to disrupt the global economy." (MarketWatch)

"The U.S. economy missed the administration's 3% growth target for a second straight year, posting its slowest annual growth in three years in 2019 as the slump in business investment deepened amid damaging trade tensions. The lofty growth goal has remained elusive despite the White House and Republicans' \$1.5 trillion tax cut package, which they had predicted would lift growth persistently above that threshold. The economy grew 2.3% last year, the Commerce Department said on Thursday. That was the slowest since 2016 and followed the 2.9% growth notched in 2018. Gross domestic product increased at a 2.1% annualized rate in the fourth quarter, matching the third-quarter pace.

While the department's snapshot of gross domestic product showed the economy maintaining a moderate pace of growth in the fourth quarter, that was in part because of a smaller import bill, which is unsustainable. Consumer spending slowed considerably last quarter and that could persist with wage growth appearing to have stalled." (Reuters)

"The CBO, in its budget and economic outlook through 2030, expects gross domestic product to rise 2.2% this year, up 0.1 percentage point from its August estimate. A measure of prices excluding food and energy is projected to increase 2.2%, just above the Federal Reserve's goal. At the same time, the U.S. budget deficit will exceed \$1 trillion in the fiscal year that ends in September, similar to the agency's previous forecast.

"We also project that for several years, the economy will be producing more than what we estimate to be its sustainable level of output, leading to higher inflation and interest rates after a decade in which both remained low," Phillip Swagel, director of the nonpartisan agency, said in a statement accompanying the annual long-term forecast."

The U.S. budget gap will continue to expand at a pace faster than the economy will grow, primarily reflecting increased mandatory spending as the nation's population ages. A shortfall this year that tops the \$1 trillion mark would be the first since 2012, after the government sharply boosted spending to emerge from the financial crisis.

The deficit as a share of GDP will expand to 5.4% in 2030, compared with an estimated 4.6% this year, the CBO says. Financing the shortfall will require more government debt issuance, and the CBO sees debt held by the public reaching 98.3% as a share of GDP by 2030.

The CBO forecasts the yield on the 10-year Treasury note will average 1.9% this year and 2.2% in 2021. CBO also expects the Fed to keep its benchmark rate unchanged through late 2021." (Bloomberg)

"The U.S. trade deficit in goods jumped 8.5% in December as tensions with China eased and imports surged, potentially signaling somewhat softer GDP in the fourth quarter. The gap in goods climbed to \$68.3 billion in the final month of 2019 from \$63 billion in November. The wider deficit could spur Wall Street forecasters to trim their forecasts for gross domestic product in the fourth quarter below 2%. Bigger deficits subtract from GDP. Advance figures for wholesale trade, meanwhile, slipped 0.1% while retail inventories were unchanged in December. They were also weaker than expected." (MarketWatch)

"Contract signings to purchase U.S. previously owned homes unexpectedly slumped in December, depressed by fewer listings of properties and representing a blemish after a recent spate of positive housing-market news. An index of pending home sales decreased 4.9% from the month prior, the largest decline since May 2010, according to data out Wednesday from the National Association of Realtors. The median forecast of economists surveyed by Bloomberg called for a 0.5% gain." (Bloomberg)

TIME (ET)	REPORT	PERIOD	ACTUAL	MEDIAN FORECAST	PREVIOUS
MONDAY, JAN. 27					
10 am	New home sales	Dec.	694,000	735,000	697,000
TUESDAY, JAN. 28					
8:30 am	Durable goods orders	Dec.	2.4%	-0.3%	-3.1%
8:30 am	Core capital goods orders	Dec.	-0.9%	0.0%	0.1%
9 am	Case-Shiller home prices	Nov.	3.5%	--	3.2%
10 am	Consumer confidence index	Jan.	131.6	128.8	128.2
2 pm	CBO budget, economic outlook				
WEDNESDAY, JAN. 29					
8:30 am	Advance trade in goods	Dec.	-\$68.3bln	-\$65.6bln	-\$63.0bln
10 am	Pending home sales index	Dec.	-4.9%	--	1.2%
2 pm	FOMC announcement		1.5-1.75%	1.5-1.75%	1.5-1.75%
2:30p;m	Jerome Powell press conference				
THURSDAY, JAN. 30					
8:30 am	Weekly jobless claims	1/25	216,000	218,000	223,000
8:30 am	GDP	Q4	2.1%	1.8%	2.1% (Q3)
FRIDAY, JAN. 31					
8:30 am	Employment cost index	Q4	0.7%	0.7%	0.7%
8:30 am	Personal income	Dec.	0.2%	0.3%	0.4%
8:30 am	Consumer spending	Dec.	0.3%	0.3%	0.4%
8:30 am	Core price index	Dec.	0.2%	0.2%	0.1%
9:45 am	Chicago PMI	Jan.	42.9	--	48.9
10 am	Consumer sentiment index	Jan.	99.8	99.1	99.3

(MarketWatch)

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Week Ahead Highlights: Q4 '19 Earnings season continues, with Disney, Alphabet, Merck, GM, Bristol-Myers and many other major firms will be reporting. the Non-Farm Payrolls report for January comes out on Friday, with forecasts for 164,000, vs. December's 145,000 figure.

Next Week's US Economic Reports:

TIME (ET)	REPORT	PERIOD	ACTUAL	FORECAST	PREVIOUS
MONDAY, FEB. 3					
9:45 am	Markit manufacturing PMI	Jan.		--	51.7
10 am	ISM manufacturing index	Jan.		48.5%	47.2%
10 am	Construction spending	Dec.		0.6%	0.6%
4 pm	Raphael Bostic speaks				
Varies	Motor vehicle sales	Jan.		16.7mln	16.7mln
TUESDAY, FEB. 4					
10 am	Factory orders	Dec.		1.4%	-0.7%
WEDNESDAY, FEB. 5					
8:15 am	ADP employment report	Jan		--	202,000
8:30 am	Trade deficit	Dec.		-\$48.5bln	-\$43.1bln
10 am	ISM nonmanufacturing index	Jan.		54.9%	55.0%
4:10 pm	Lael Brainard speaks				
THURSDAY, FEB. 6					
8:30 am	Weekly jobless claims	1/31		214,000	216,000
8:30 am	Productivity	Q4		1.8%	-0.2%
8:30 am	Unit labor costs	Q4		0.9%	2.5%
9:15 am	Rob Kaplan speaks				
7:15 pm	Randal Quarles speaks				
FRIDAY, FEB. 7					
8:30 am	Nonfarm payrolls	Jan.		164,000	145,000
8:30 am	Unemployment rate	Jan.		3.5%	3.5%
8:30 am	Average hourly earnings	Jan.		0.3%	0.1%
10 am	Wholesale inventories	Dec.		--	-0.1%
3 pm	Consumer credit	Dec.		--	\$13bln

Sectors: Utilities and Consumer Goods led this week; Energy lagged.

INDUSTRY SECTOR	YTD % CHANGE	THIS MONTH'S CHANGE	THIS WEEKS CHANGE %
Tech	3.99%	3.99%	-2.16%
Utilities	6.75%	6.75%	0.91%
Health Care	-2.67%	-2.67%	-3.24%
Real Estate	1.45%	1.45%	-1.90%
Telecoms (US)	-1.54%	-1.54%	-3.48%
Industrials	-0.44%	-0.44%	-2.92%
Consumer Staples	0.32%	0.32%	-0.64%
Consumer Discretionary	-0.08%	-0.08%	-0.50%
Financials	-2.66%	-2.66%	-1.41%
Basic Materials	-6.17%	-6.17%	-3.53%
Energy	-10.99%	-10.99%	-5.62%

Futures: WTI Crude fell -4.72% this week, finishing at \$51.63, its lowest price since August.

1 WEEK RELATIVE PERFORMANCE

