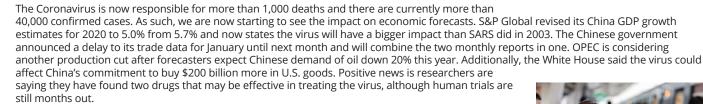
The Jobs Report, **Coronavirus Impact**, and More

The Bureau of Labor Statistics reported an addition of 225,000 non-farm payrolls in January, well ahead of the expectation of 160,000. The prior two months of job gains was revised, and it went up a combined 7,000, making the three-month average a strong 211,000. The unemployment rate ticked up to 3.6% due to an increase in those entering the labor force. The U-6 unemployment rate moved up, as well, from 6.7% to 6.9% and stood at 8.0% a year ago. Average earnings grew just 0.2% in the month versus 0.3% expected, which comes after a weak 0.1% gain in December. However, compared to a year ago, wages are up 3.1%, a pickup from the 2.9% rate in December. The health care industry saw the most job gains with 72,000 in the month, followed by construction, hospitality and transportation, while manufacturing and retailer industries experienced job losses in the month.



There was plenty of political news during the week. The Democratic party was unable to release results of the lowa caucus until later in the week due to a reporting issue that caused "inconsistencies." Over the weekend, the final counts were released, and Pete Buttigieg gained the most delegates at 14 followed by Bernie Sanders at 12. The next state primary will be Tuesday, Feb. 11 in New Hampshire where Sanders is expected to take most of the delegates. President Trump delivered his State of the Union address, in what most saw as the kickoff to his reelection campaign. The day after, the Senate voted mostly on party lines to acquit President Trump on obstruction of congress and abuse of power charges.



The U.S. trade deficit fell in 2019 for the first time in six years. The deficit for December was at \$48.9 billion, which was a steeper deficit than \$43.7 billion in November, although it was expected. For the month, exports rose 0.8% while imports rose at an even faster pace of 2.7%. For calendar year 2019, the U.S. imported \$617 billion more than what was exported. Data indicates the deficit shrunk last year from a lower amount of imports from China, where imports were down 18% from a record in 2018, as a result of tariffs throughout the year.

Company News

- Uber beat earnings expectations for the fourth quarter. As mentioned in a press release, the company realized that the era of growth at all costs is over and will now focus more on profitable growth. The company guides Q4 2020 to be its first profitable quarter, versus previous guidance of 2021.
- Disney reported earnings and revenue that were above expectations. CEO Bob Iger revealed Disney+ has 28.6 million subscribers through its first three months, well ahead of expectations that were around 20 million. With ESPN+ subscribers at 6.6 million and Hulu at 30.4 million, total subscribers across all platforms are at 65.6 million. For comparison purposes, Netflix has 167 million total subscribers globally. Management indicates the company will see a negative impact from closing theme parks in the Asia region due to the coronavirus.
- Alphabet, the parent company of Google, reported earnings that beat expectations. However, revenues missed expectations and operating income was lower than expected, with its cloud revenue growing from \$1.7B to \$2.6B. Google disclosed YouTube and Cloud segment revenue for the first time with mixed reactions from analysts, but most still see a long-term runway for the segments.

The Week Ahead

Earnings will continue throughout the week with 60 S&P500 companies releasing their quarterly results. This includes results from CVS Health, Lyft, Under Armour, Nvidia, Alibaba, KraftHeinz, and Pepsico. On Tuesday and Wednesday, Fed Chair Jerome Powell will deliver his semiannual testimony before the House and Senate, where we will see more detail on the Fed's current monetary policy stance. On the economic front, we will see consumer price index data on Thursday, and finally, retail sales data for the month of January will be released on Friday.

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