

Economic Calendar

Monday, May 4

Durable Goods Orders,
Factory Orders.

Tuesday, May 5

U.S. Trade Deficit, Markit
Services PMI, ISM Non-
Manufacturing.

Wednesday, May 6

Mortgage Activity, ADP
Private Sector Hiring.

Thursday, May 7

Jobless Claims, Challenger
Job Cuts, Worker
Productivity, Labor Costs,
Consumer Credit.

Friday, May 8

Nonfarm Payrolls,
Unemployment Rate,
Hourly Wages & Hours,
Wholesale Inventories &
Trade Sales

What We're Reading

[U.S.-China Relations
Retested](#)

[Record Treasury Borrowing
Expected](#)

[New York Outlines
Reopen Plans](#)

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WEEKLY VANTAGE POINT

April 27-May 1, 2020 Recap

Equities Erase Weekly Gain

Stocks Finish Week Fractionally Lower

Stocks erased all their gains for the week amid sharp losses Friday after a pair of mega-cap tech bellwether companies reported less-than-ideal first quarter earnings and warned of uncertainty ahead. Despite some month-end selling on Thursday, the S&P 500 wrapped up its strongest month in 33 years and the Dow Industrials had its best April performance since 1938.

Weekly Performance

For the week, the Dow Industrials fell 0.22%, the S&P 500 slipped 0.19%, and the tech-heavy Nasdaq Composite trimmed gains by 0.33%.

Personal Spending Craters.

Data out on Thursday showed personal incomes decreased 2% last month and household spending plummeted 7.5%. Both measures were worse than expected and the drop in March spending was the worst on record dating back to 1959. Stay-at-home orders kept consumers from spending, which traditionally represents 2/3 of economic activity.

Energy Posts Second Weekly Gain

Sector performance was widely divergent last week with Energy (+3.02%) and Communication Services (+2.04%) leading to the upside, while Utilities (-4.22%) and Healthcare (-2.61%) lagged the most. Technology, this year's best-performing sector, gained 0.22%, trimming its YTD loss to 2.69%.

Treasury Prices Ease

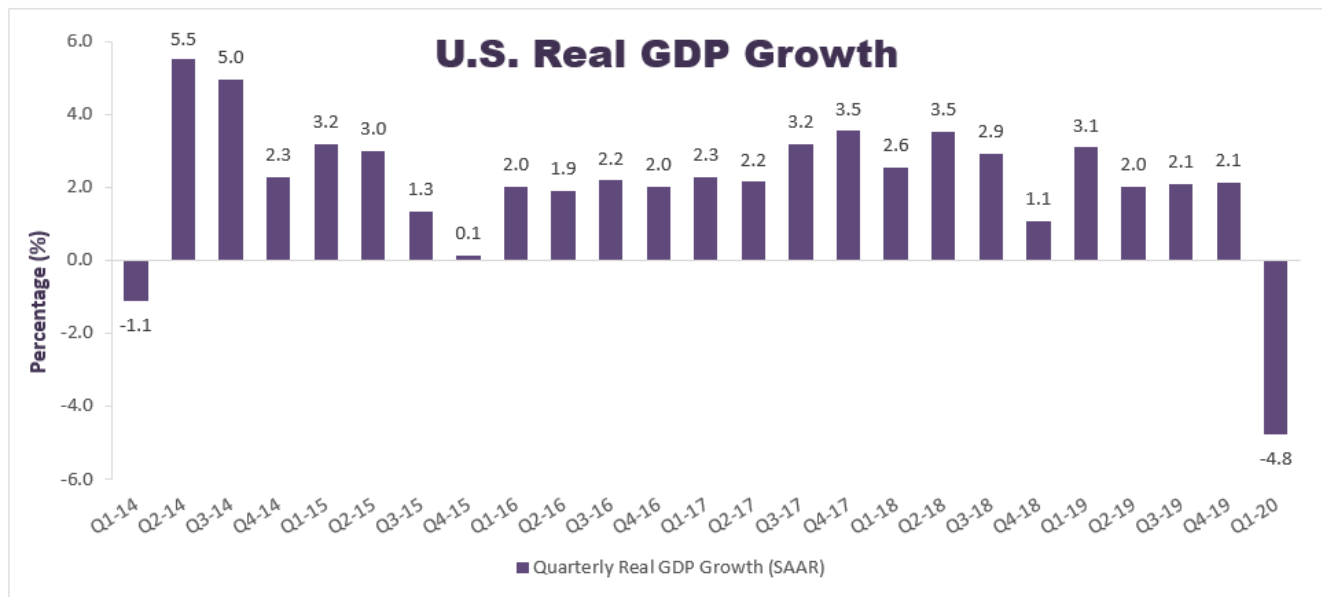
U.S. Treasury prices nudged lower last week, sending the yield on benchmark 10-year Treasury notes up 1.2 basis points to 0.61%. U.S. WTI crude oil contracts for June delivery rebounded by 16.2% to \$19.69/barrel from \$16.94 the week prior.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-0.22	-2.55	-16.04	-16.87	-10.22	4.29
S&P 500	-0.19	-2.80	-11.79	-11.83	-1.21	7.95
NASDAQ Composite	-0.33	-3.19	-5.71	-3.80	8.04	13.41
Russell 3000	0.11	-2.92	-12.94	-13.04	-3.18	6.88
MSCI EAFE	3.07	-1.31	-17.19	-18.92	-12.68	-1.11
MSCI Emerging Markets	4.27	-0.88	-13.30	-17.34	-12.86	0.21
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Barclays Agg Bond	-0.12	-0.12	2.88	4.86	10.66	5.21
Barclays Municipal	-0.42	0.33	-3.29	-1.55	2.39	3.42
Barclays US Corp High Yield	0.66	-0.18	-8.94	-8.92	-4.32	1.79
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	0.78	-0.31	-18.73	-24.71	-23.24	-8.78
S&P GSCI Crude Oil	31.58	2.01	-56.77	-63.49	-64.88	-23.00
S&P GSCI Gold	-2.00	0.40	7.12	11.67	32.37	10.65

Source: Morningstar

Chart of the Week: Economic Growth Stumbles in Q1



Source: Cetera Investment Management, Federal Reserve Bank of St. Louis, U.S. Bureau of Economic Analysis. SAAR is seasonally adjusted annual rate. Data as of 3/31/2020.

Real GDP growth contracted by 4.8% annualized in the first quarter. It was the sharpest drop since the fourth quarter of 2008 and next quarter's reading is expected to be even lower. Shelter-in-place measures designed to slow the spread of Covid-19 have dented consumer spending and pushed layoffs to record levels. Several states are in the process of slowly lifting restrictions in parts of the economy. Barring a second wave surge in coronavirus cases, this should lay the groundwork for better economic growth prospects in the second half of the year.

This report is created by Cetera Investment Management LLC

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Glossary

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **Bloomberg Barclays US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a

small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly

The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly.

The **Bloomberg Barclays US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Many of the subindices of the Municipal Index have historical data to January 1980. In addition, several subindices based on maturity and revenue source have been created, some with inception dates after January 1980, but no later than July 1, 1993. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly

The **MSCI All-Country World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The SMCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed country indexes include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **MSCI Europe Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe.

The **MSCI Pacific Index** captures large and mid-cap representation across five Developed Markets (DM) countries in the Pacific region. With 470 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index. However, between rebalancings, group weightings may fluctuate to levels outside the limits. The index rebalances annually, weighted 2/3 by trading volume and 1/3 by world production.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

West Texas Intermediate (WTI) is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts

The Cboe Volatility Index® (VIX®) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The U.S. Dollar Index is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720 and has been as low as 70.698 in March 2008.

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