CETERA® INVESTMENT MANAGEMENT

WEEKLY VANTAGE POINT

March 16-20, 2020

Economic Calendar

Monday, March 23
Chicago Fed National Activity.

Tuesday, March 24
Markit PMIs; New Home Sales.

Wednesday, March 25
Durable Goods Orders.

Thursday, March 26
Weekly Jobless Claims; GDP.

Friday, March 27
Existing Home Sales.

What We're Reading

Fed Throws in the Sink

Mortgage Rates Rise

$2 Trillion Stimulus Package Nears

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Worst Week Ever for Dow Industrials

Equities Skid as Viral Economic Fears Mount

U.S. equity markets skidded last week with the Dow Jones Industrial Average suffering its biggest weekly point-loss on record amid escalating concerns the COVID-19 pandemic will cause a global recession. The number of confirmed cases has more than doubled over the week, with New York now the hardest-hit state with nearly 21,000 infections of the 35,345 active cases for the nation. With global cases topping 350,000 in 167 nations, governments around the world are increasingly imposing mandatory restrictions to isolate residents. The good news is the Federal Reserve is virtually all-in with unlimited additional quantitative easing measures with daily purchases all this current week, while Congress is nearing an unprecedented nearly $2 trillion stimulus package. Also positive, the IRS extended the 2019 tax filing date to July 15.

Weekly Performance

For the week, the Dow Industrials plunged 17.30%, the S&P 500 lost 14.95%, and the tech-heavy Nasdaq Composite sank 12.62%. On Friday, the Dow ended below 20,000 for the first time in three years, down nearly 10,000 points since its mid-February all-time high.

Industrial Production Rose in February.

The Federal Reserve reported that industrial production rose 0.6% in February after a revised 0.5% drop in the prior month. Although a lagging indicator, the data illustrates production was strong just before the onset of the COVID-19 outbreak.

Technology Falls the Least

All 11 major sector groups ended the week sharply lower with Real Estate (-22.92%), Energy (-19.63%), and Industrials (-18.38%) down the most. Consumer Staples (-11.17%), Communication Services (-12.25%), and Consumer Discretionary (-12.50%) lost the least.

Treasury Yields Inch Higher

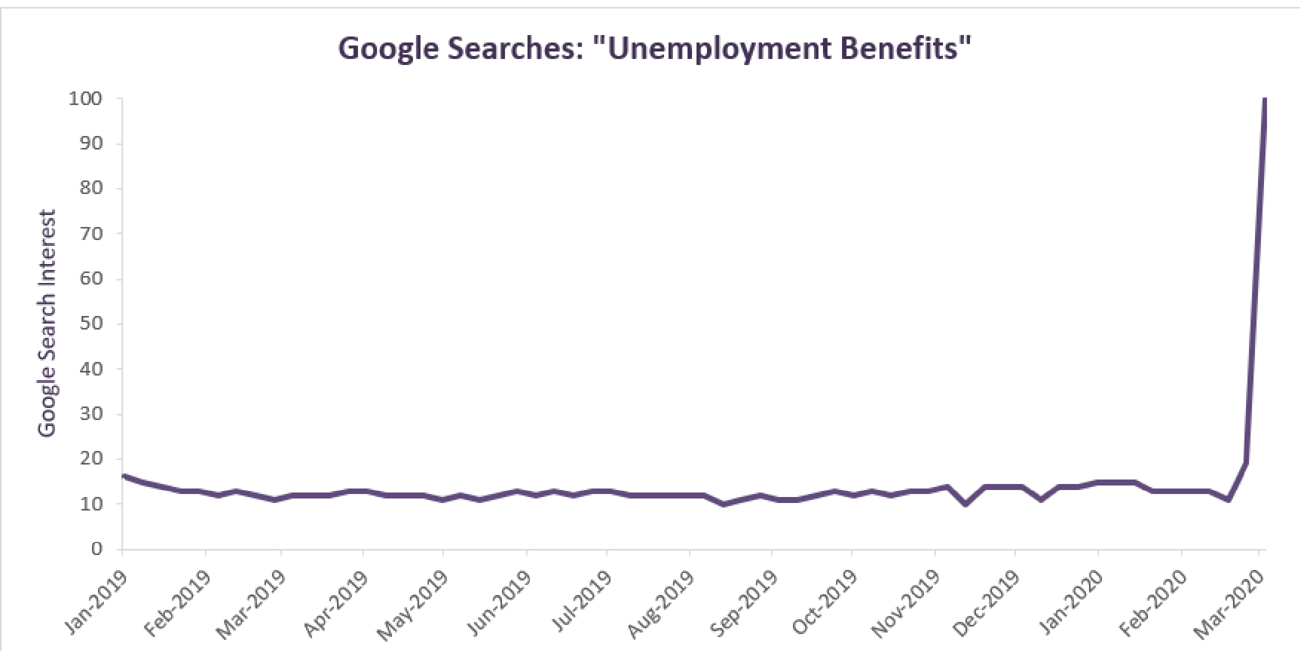
U.S. Treasury prices climbed higher on flight-to-safety buying, sending the yield on benchmark 10-year notes down over 14 basis points to 0.815%, its third-straight week below 1%. Oil markets were extremely volatile amid the Saudi/Russia price war that is pummeling U.S. shale producers. U.S. WTI crude oil prices extended a bear market to end the week down $9.10 (-28.7%) at $32.63/barrel.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-17.30	-24.54	-32.62	-32.81	-25.48	-2.84
S&P 500	-14.95	-21.87	-28.09	-28.33	-16.71	1.01
NASDAQ Composite	-12.62	-19.63	-22.72	-23.14	-10.02	6.38
Russell 3000	-15.30	-23.33	-29.49	-29.68	-18.88	-0.11
MSCI EAFE	-5.78	-22.82	-30.93	-31.26	-24.29	-5.55
MSCI Emerging Markets	-9.81	-20.01	-27.18	-27.76	-22.82	-3.88
Bonds	**1-Week**	**MTD**	**3-Month**	**YTD**	**1-Year**	**3-Year**
Barclays Agg Bond	-2.29	-3.61	0.17	0.01	6.50	3.92
Barclays Municipal	-6.57	-10.32	-7.46	-7.53	-2.50	1.74
Barclays US Corp High Yield	-10.17	-16.96	-17.96	-18.11	-12.33	-1.14
Commodities	**1-Week**	**MTD**	**3-Month**	**YTD**	**1-Year**	**3-Year**
Bloomberg Commodity	-6.43	-13.88	-23.74	-24.24	-24.38	-8.89
S&P GSCI Crude Oil	-29.52	-49.44	-62.56	-62.94	-62.35	-22.65
S&P GSCI Gold	-2.07	-5.02	0.49	-2.30	13.76	6.35

Source: Morningstar

Chart of the Week: Surge in Layoffs Expected



Source: Cetera Investment Management, Google. The level of "Unemployment Benefits" searches is represented by Google Trends, which shows how a keyword trends over time based on Google searches over a specified time frame in a geographic region. In this case,

We anticipate a large surge of jobless claims in this week's unemployment claims report. Looking at google search data, there was a massive spike in google search interest for "unemployment benefits" last week. Several major industries including tourism, restaurants, and services are expected to experience significant layoffs in the coming weeks. Economic data will weaken and this week's jobless claims data will be a preview. This is widely expected though and markets have priced in a lot of bad data already.

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Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards.

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. It includes approximately 800 of the smallest companies in the Russell 1000 Index, 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 Index.

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 have 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 have 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 subindicies of the Municipal Index have historical data to January 1980. In addition, several subindicies 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 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 crude oil produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing several 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.