



**CETERA®
INVESTMENT
MANAGEMENT**

Economic Calendar

Monday, March 30
Pending Home Sales, Dallas
Fed Manufacturing.

Tuesday, March 31
Home Prices, Chicago
Manufacturing PMI.

Wednesday, April 1
Mortgage Applications, ADP
Private Payrolls,
Construction Spending, ISM
Manufacturing.

Thursday, April 2
Jobless Claims, U.S. Trade
Deficit, Factory Orders.

Friday, April 3
Nonfarm Payrolls,
Unemployment Rate, Hourly
Earnings, ISM Non-
Manufacturing.

What We're Reading

[Stocks Extend Gains](#)

[Global COVID-19 Update](#)

[Oil Falls to 17-Year Low](#)

These links to outside web sites are provided as a courtesy and are not under the control of Cetera Investment Management LLC. For more details, please see the "Disclosures" section.

WEEKLY VANTAGE POINT

March 23-27, 2020

Best Week Since March 2009

Equities Rebound Over 10%

U.S. equity markets posted their largest weekly gain in over a decade after President Trump signed an unprecedented \$2 trillion stimulus package designed to blunt the economic downturn caused by the COVID-19 contagion. The Senate-originated recovery act was approved by the House on Friday and signed into law later in the day. Stocks pared stronger weekly gains on Friday's news that active U.S. infections surpassed that of China and Italy. Through the weekend, the U.S. active caseload jumped to 143,055, while Italy's tally rose to 97,689, and China's total edged higher to 82,198.

Weekly Performance

For the week, the Dow Industrials surged 12.84%, the S&P 500 rallied 10.28%, and the tech-heavy Nasdaq Composite rebounded by 9.06%. On Friday, the S&P 500 gave back over 3% of its earlier 13.6% surge over the prior three days, while ending the week back above its 2018 lows. Despite last week's rebound, the benchmark index is still down 21% year-to-date.

Largest-Ever U.S. Stimulus.

The stimulus package provides approximately \$500B in loans and other assistance for major companies, \$350B in aid for small businesses, and up to \$1,200 in direct payments to middle- and low-income Americans, plus \$500 for each child. Hospitals will receive \$117B in aid and unemployment insurance would expand by up to \$600/week in addition to state-specific benefits.

Utilities Gain the Most

All 11 major sector groups posted gains last week with Utilities (+17.68%), Industrials (+15.43%), and Real Estate (+15.41%) up the most. Healthcare (+8.12%), Consumer Staples (+6.65%), and Communication Services (+5.50%) gained the least.

Treasury Yields Weaken

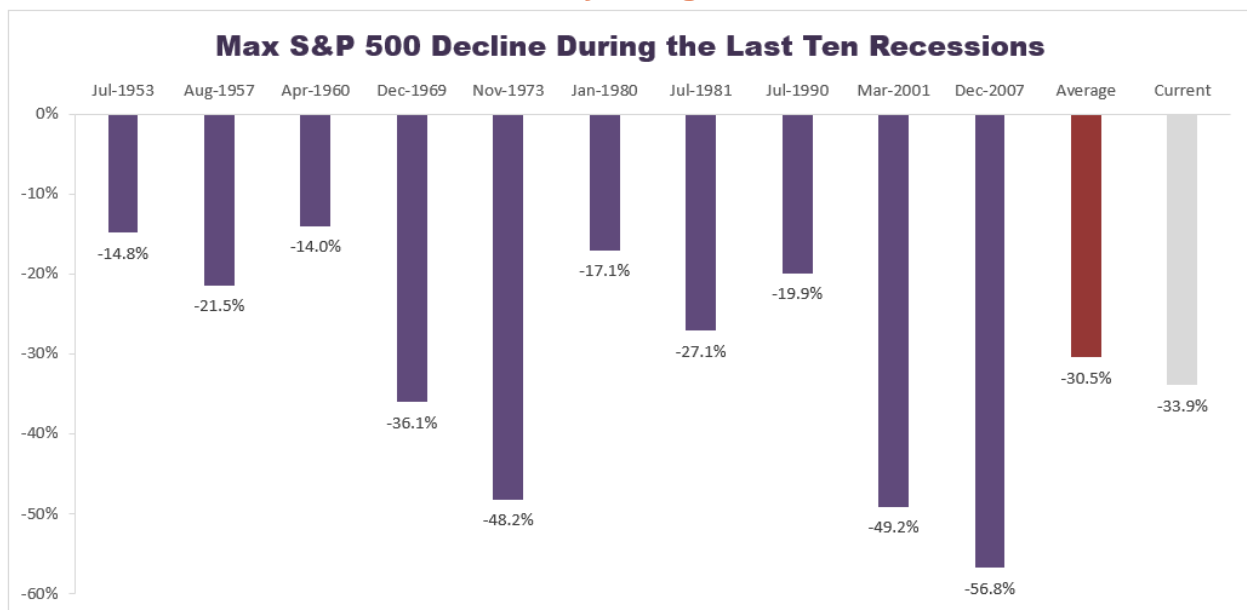
U.S. Treasury prices advanced last week after the Federal Reserve said it was reducing its daily Treasury purchases. The move came after the Fed expanded currency swap lines with other central banks, ramped up cash offered to the repurchase-agreement markets, and debuted a series of tools to beef up credit markets. The yield on 10-year Treasury notes fell by 16.9 basis points to 0.68%. U.S. WTI crude oil prices tumbled by 1.1% to end the week at \$21.51/barrel. Lastly, the U.S. Dollar Index sank 4.4%, the biggest weekly drop since 1985. The dollar fell due to less stress to the credit markets, corporate repatriation of funds, as well as the overall increased human toll from the coronavirus.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	12.84	-14.85	-24.47	-24.18	-15.54	1.73
S&P 500	10.28	-13.84	-21.17	-20.96	-7.57	4.83
NASDAQ Composite	9.06	-12.35	-16.49	-16.18	-0.79	9.88
Russell 3000	10.70	-15.13	-22.34	-22.16	-9.57	3.82
MSCI EAFE	11.22	-14.16	-23.76	-23.55	-15.12	-2.13
MSCI Emerging Markets	4.95	-16.05	-24.45	-24.19	-17.15	-2.11
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Barclays Agg Bond	2.66	-1.05	2.53	2.67	8.24	4.64
Barclays Municipal	7.86	-3.28	-0.27	-0.27	4.24	4.09
Barclays US Corp High Yield	5.06	-12.76	-13.96	-13.97	-8.06	0.58
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	2.65	-11.60	-22.66	-22.23	-21.64	-7.81
S&P GSCI Crude Oil	-4.95	-51.94	-65.15	-64.77	-63.72	-23.33
S&P GSCI Gold	11.16	5.58	8.96	8.60	25.55	9.53

Source: Morningstar

Chart of the Week: A Recession is Already Being Price In



Source: Cetera Investment Management, National Bureau of Economic Research (NBER), Yahoo Finance, Standard & Poor's. Dates listed are the start date of the last 10 recessions. Drawdown is the max decline during the recession. In most cases, the peak in the S&P 500 was reached before the start date of the recession. The current drawdown is from the peak on 2/19 to the recent bottom on 3/23.

The S&P 500 had a peak-to-trough decline of 33.9% from its February 19 record high to the recent low on March 23. That is slightly more than the average decline of 30.5% in the last ten U.S. recessions. Last week's unemployment report had a record 3.3 million initial jobless claims and that has effectively confirmed a recession has arrived. Markets discount future events and a recession was already priced in before the unemployment report was released last Thursday. The good news is that a lot of bad news has already been reflected in equity prices, so it may take a severe shock to push stocks even lower than the recent trough.

This report is created by Cetera Investment Management LLC.

About Cetera® Investment Management

Cetera Investment Management LLC is an SEC registered investment adviser owned by Cetera Financial Group®. Cetera Investment Management provides market perspectives, portfolio guidance, model management, and other investment advice to its affiliated broker-dealers, dually registered broker-dealers and registered investment advisers.

About Cetera Financial Group®

Cetera Financial Group ("Cetera") is a leading network of independent firms empowering the delivery of professional financial advice to individuals, families and company retirement plans across the country through trusted financial advisors and financial institutions. Cetera is the second-largest independent financial advisor network in the nation by number of advisors, as well as a leading provider of retail services to the investment programs of banks and credit unions.

Through its multiple distinct firms, Cetera offers independent and institutions-based advisors the benefits of a large, established broker-dealer and registered investment adviser, while serving advisors and institutions in a way that is customized to their needs and aspirations. Advisor support resources offered through Cetera include award-winning wealth management and advisory platforms, comprehensive broker-dealer and registered investment adviser services, practice management support and innovative technology. For more information, visit cetera.com.

"Cetera Financial Group" refers to the network of independent retail firms encompassing, among others, Cetera Advisors LLC, Cetera Advisor Networks LLC, Cetera Investment Services LLC (marketed as Cetera Financial Institutions or Cetera Investors), Cetera Financial Specialists LLC, and First Allied Securities, Inc. All firms are members FINRA/SIPC.

Disclosures

The material contained in this document was authored by and is the property of Cetera Investment Management LLC. Cetera Investment Management provides investment management and advisory services to a number of programs sponsored by affiliated and non-affiliated registered investment advisers. Your registered representative or investment adviser representative is not registered with Cetera Investment Management and did not take part in the creation of this material. He or she may not be able to offer Cetera Investment Management portfolio management services.

Nothing in this presentation should be construed as offering or disseminating specific investment, tax, or legal advice to any individual without the benefit of direct and specific consultation with an investment adviser representative authorized to offer Cetera Investment Management services. Information contained herein shall not constitute an offer or a solicitation of any services. Past performance is not a guarantee of future results.

For more information about Cetera Investment Management, please reference the Cetera Investment Management LLC Form ADV disclosure brochure and the disclosure brochure for the registered investment adviser your adviser is registered with. Please consult with your adviser for his or her specific firm registrations and programs available.

No independent analysis has been performed and the material should not be construed as investment advice. Investment decisions should not be based on this material since the information contained here is a singular update, and prudent investment decisions require the analysis of a much broader collection of facts and context. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. The opinions expressed are as of the date published and may change without notice. Any forward-looking statements are based on assumptions, may not materialize, and are subject to revision.

All economic and performance information is historical and not indicative of future results. The market indices discussed are not actively managed. Investors cannot directly invest in unmanaged indices. Please consult your financial advisor for more information.

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 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 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 USDXY 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.