

Economic Calendar

Monday, April 13
No Major Releases.

Tuesday, April 14
Import/Export Prices.

Wednesday, April 15
Retail Sales, Empire State
Manufacturing, Industrial
Production, Business
Inventories, Fed Beige Book.

Thursday, April 16
Jobless Claims, Housing
Starts, Philly Fed
Manufacturing.

Friday, April 17
No Major Releases.

What We're Reading

[Best Week Since 1974](#)

[Historic Global Oil Curbs](#)

[COVID-19 Could Peak This Week](#)

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WEEKLY VANTAGE POINT

April 6-10, 2020

Best Week in Over 45 Years

Equities Strongly Rebound

The S&P 500 had its largest weekly gain since 1974 with its bear market rebound underpinned by the Federal Reserve's latest round of unprecedented policy stimulus to support the economy through the COVID-19 pandemic. The new wave of stimulus is primarily aimed at additional asset purchases as well as increased lending to businesses and local governments. Investor sentiment was also boosted by reports that new daily infection rates are slowing and Saudi Arabia and Russia both agreed to dramatically cut daily crude oil production rates. In the week ahead, major banks will be the first U.S. companies to report their first quarter earnings and investors are anxious about how severe the viral contagion is impacting profits.

Weekly Performance

For the week, the Dow Industrials surged 2,667 points (+12.670%), the S&P 500 jumped 12.15%, and the tech-heavy Nasdaq Composite advanced 10.59%. As our Chart of the Week shows below, equity markets are about halfway back from their March 23 low.

New Fed Stimulus

The Federal Reserve announced a slew of new policy measures worth over \$2.3 trillion to additionally cushion economic fallout from the coronavirus. Among the new stimulus programs, the Fed will begin buying corporate debt recently downgraded below investment grade and provide up to \$500B in new lending to state municipalities

Real Estate Rebounds Most

All eleven (11) major sector groups within the S&P 500 registered gains last week, with Real Estate (+21.24%), Materials (+20.65%), and Financials (+19.14%) up the most. Communications (+10.23%), Healthcare (+9.41%), and Consumer Staples (+4.96%) rose the least. Real Estate had its best week since March 13, while Materials and Energy (+13.25%) had their strongest weekly returns on record.

Treasury Yields Rise

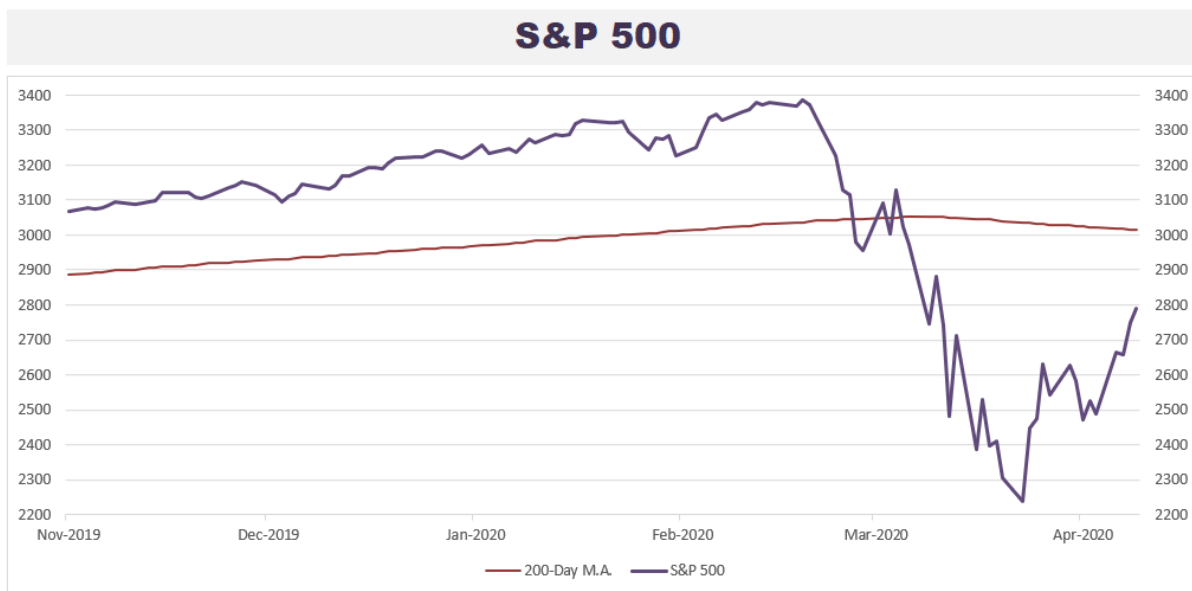
U.S. Treasury prices declined last week amid renewed equity buying, sending the yield on benchmark 10-year Treasury notes to climb 12.4 basis points to 0.72%. Longer-dated Treasuries led in yield gains, with 30-year Treasury yields rising 13.4 basis points to nearly 1.35%. U.S. WTI crude oil prices plunged by 19.7% to \$22.76/barrel as weekly gasoline inventories jumped against a backdrop of demand destruction as Americans halted travel. Lastly, the U.S. Dollar Index weakened by 1.1% last week after a 2.25% prior week advance.

Market Watch

| Stocks | 1-Week | MTD | 3-Month | YTD | 1-Year | 3-Year |
|-----------------------------|--------|-------|---------|--------|--------|--------|
| Dow Jones Industrial Avg. | 12.67 | 8.22 | -17.71 | -16.89 | -9.30 | 4.71 |
| S&P 500 | 12.15 | 8.02 | -14.13 | -13.15 | -1.46 | 7.90 |
| NASDAQ Composite | 10.59 | 5.91 | -10.94 | -8.87 | 3.47 | 12.71 |
| Russell 3000 | 12.95 | 8.09 | -15.40 | -14.50 | -3.76 | 6.83 |
| MSCI EAFE | 8.30 | 3.25 | -20.47 | -20.32 | -13.28 | -0.56 |
| MSCI Emerging Markets | 6.83 | 4.74 | -21.33 | -19.98 | -16.77 | -0.09 |
| Bonds | 1-Week | MTD | 3-Month | YTD | 1-Year | 3-Year |
| Barclays Agg Bond | 0.57 | 0.84 | 3.55 | 4.01 | 9.96 | 5.03 |
| Barclays Municipal | 1.75 | -0.04 | -1.38 | -0.67 | 3.95 | 3.78 |
| Barclays US Corp High Yield | 5.33 | 3.17 | -10.31 | -9.92 | -4.66 | 1.68 |
| Commodities | 1-Week | MTD | 3-Month | YTD | 1-Year | 3-Year |
| Bloomberg Commodity | 2.06 | 2.62 | -21.14 | -21.29 | -22.19 | -8.02 |
| S&P GSCI Crude Oil | -6.86 | 28.89 | -55.27 | -56.77 | -59.09 | -20.85 |
| S&P GSCI Gold | 6.51 | 9.78 | 12.08 | 15.08 | 33.33 | 11.81 |

Source: Morningstar

Chart of the Week: Markets in the Middle



Source: Cetera Investment Management, Yahoo Finance, Standard & Poor's. Data is based on closing prices as of 4/9/2020

As of last Thursday's close, the S&P 500 is up 24.7% in the 13 trading days since reaching the recent bottom on March 23. After this surge off the lows, equity markets are essentially in the middle of a huge range between the February 19 record high and March 23 low. A few factors have led to the move higher in recent weeks. These include markets reaching extreme oversold conditions, the growth rate of COVID-19 infections slowing, and investors have reacted favorably to the aggressive fiscal and monetary response by the government. Where markets go from here will be dependent on the duration of the economic recession and the impact of social distancing on corporate revenue and earnings.

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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. 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 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.