April 20, 2020

CETERA® INVESTMENT MANAGEMENT

WEEKLY VANTAGE POINT

April 13-17, 2020

Economic Calendar

Monday, April 20
Chicago Fed National Activity.

Tuesday, April 21
Existing Home Sales.

Wednesday, April 22
Mortgage Activity, Housing Price Index.

Thursday, April 23
Jobless Claims, IHS Markit Manufacturing & Services, New Home Sales.

Friday, April 24
Durable Goods Orders, Capital Goods Orders, Consumer Sentiment.

What We're Reading

Small Business Deal Nears

New York Fed Outlook

Oil Prices Get Crushed

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Equities Climb to Six-Week High

Back-to-Back Weekly Gains

Stocks powered higher last week amid optimism toward reopening segments of the economy and speculation that a COVID-19 treatment may be approved sooner than previously expected. Friday's 2.7% advance and 3% weekly gain trimmed the year-to-date loss on the S&P 500 to 11%. Equity markets have rebounded strongly from its latest bear-market low, with benchmark stocks up over 28% from March 23, yet the S&P 500 is still 15% below its February 19 all-time high. Overseas, China announced its economy contracted 6.8% from a year ago during the first quarter, its first negative GDP report since at least 1992. China's communist state office projects full-year GDP growth of 2% and said business activity has rebounded to 83% of capacity, up from 70%. The nation also upwardly revised its death toll by 39%, adding over 1,000 fatalities in Wuhan.

Weekly Performance

For the week, the Dow Industrials gained 2.21%, the S&P 500 rose 3.06%, and the tech-heavy Nasdaq Composite advanced 6.09%. Following a 12.15% gain the week prior, the S&P 500 recorded its first back-to-back weekly gains since before the COVID-19 pandemic triggered a sell-off in late-February. The Nasdaq Composite rallied 17.32% over the past two weeks, trimming its year-to-date loss to just 3.59%.

Leading Indicators Skid

The Conference Board's U.S. leading economic indicators index fell by 6.7% to 104.2 in March, slightly better than a 7.2% plunge expected. Not surprisingly, this is a historic drop and data goes back to February 1959. The March decline is nearly double the prior 3.4% record drop set in October 2008. Six of the 10 components made negative contributions, led by surging jobless claims (-5.53%), stock prices (-0.83%), and the average workweek (-0.20%).

Consumer Discretionary Rebounds Most

Mixed performance last week with six of the 11 major sector groups posting gains led by Consumer Discretionary (+7.86%), Healthcare (-6.22%) and Technology (+4.80%). Energy (+0.24%) rose the least, while Financials (-4.01%), Real Estate (-2.68%) and Materials (-2.13%) had the largest losses.

Treasury Yields Rise

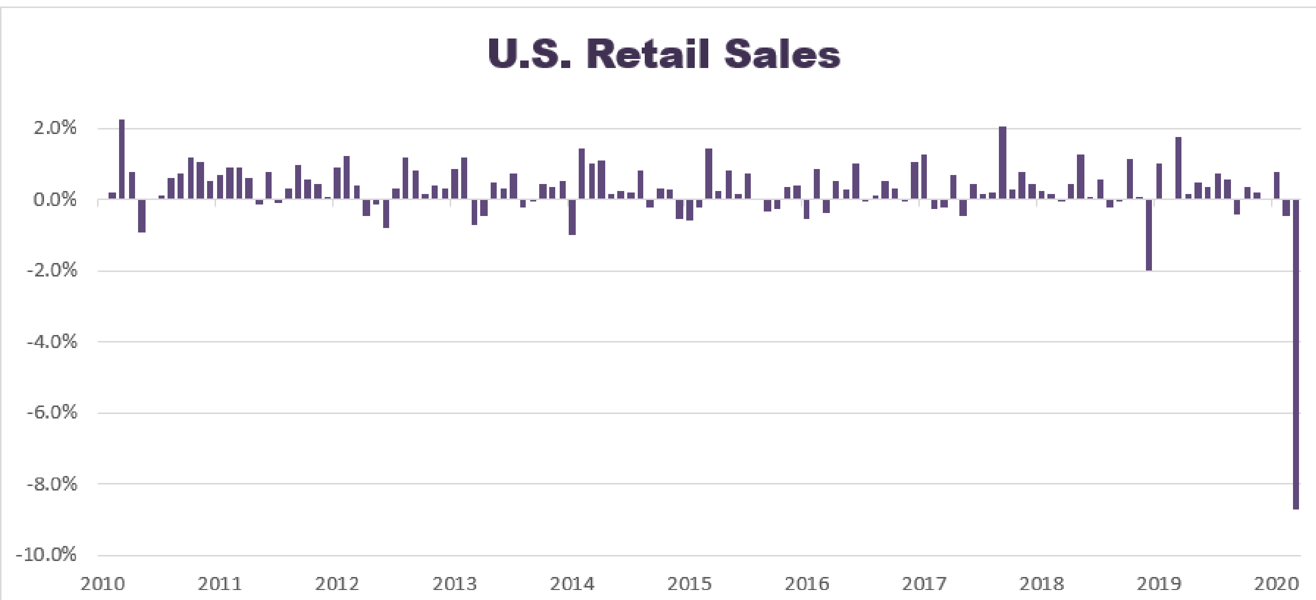
U.S. Treasury prices rebounded last week, sending the yield on benchmark 10-year Treasury note down 7.8 basis points to 0.64%. Longer-dated 30-year Treasury yields fell 8.3 basis points to 1.26%. U.S. WTI crude oil prices plunged 19.7% for a second straight week, ending Friday at an 18-year low of $18.27/barrel amid cratering global demand. Lastly, the U.S. Dollar Index rose 0.30% after falling 1.1% the week prior.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	2.21	10.61	-17.40	-15.05	-8.33	5.51
S&P 500	3.06	11.32	-13.22	-10.49	1.10	9.11
NASDAQ Composite	6.09	12.37	-7.62	-3.32	9.32	15.11
Russell 3000	2.76	11.08	-14.79	-12.14	-1.38	7.92
MSCI EAFE	0.77	4.04	-20.54	-19.71	-13.49	-0.45
MSCI Emerging Markets	1.51	6.32	-21.07	-18.77	-15.58	0.23
Bonds	**1-Week**	**MTD**	**3-Month**	**YTD**	**1-Year**	**3-Year**
Barclays Agg Bond	0.70	1.54	4.21	4.74	11.15	5.06
Barclays Municipal	0.50	0.45	-1.21	-0.18	4.58	3.81
Barclays US Corp High Yield	2.60	5.85	-8.23	-7.57	-2.59	2.56
Commodities	**1-Week**	**MTD**	**3-Month**	**YTD**	**1-Year**	**3-Year**
Bloomberg Commodity	-2.17	0.39	-22.02	-23.00	-22.61	-8.75
S&P GSCI Crude Oil	-5.18	22.22	-57.27	-59.01	-60.74	-22.17
S&P GSCI Gold	-3.08	6.40	8.45	11.54	32.97	9.55

Source: Morningstar

Chart of the Week: Retail Sales Plummet in March



Source: Cetera Investment Management, Federal Reserve Bank of St. Louis, U.S. Bureau of the Census. Data as of 3/31/2020

Retail sales plummeted in March, falling 8.7% from February levels. The decline was the largest on record, with stay-at-home policies severely impacting consumption. The hardest hit areas of retail, including autos, restaurants, and clothing stores, each suffered declines of 25% or more in March. Grocery store sales, on the other hand, increased by 25.6%. The downward trajectory for retail sales is likely to remain in place because quarantine measures are still in effect in most areas of the country.

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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.