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# Weekly Economic Update

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*April 13, 2020*

*In this week's recap: A broad stock market rally, promising signs with COVID-19, and another Federal Reserve program ahead.*

## THE WEEK ON WALL STREET

The stock market staged a broad rally this week, buoyed by the prospect that the COVID-19's grip on the nation may be easing and news of another Federal Reserve program to help stabilize businesses.

The Dow Jones Industrial Average jumped 12.67%, while the Standard & Poor's 500 climbed 12.10%. The Nasdaq Composite Index rose 10.59% for the week. The MSCI EAFE Index, which tracks developed overseas stock markets, advanced 6.32%.<sup>1,2,3</sup>

## A CHANGE IN SENTIMENT

Market sentiment took a more hopeful turn on news of an apparent peaking of cases in Italy and New York State. Investors also welcomed comments by Dr. Anthony Fauci that the start of a turnaround in the outbreak is close at hand.

The S&P 500 Index surged 7.03% to start the week and added to gains as the week progressed. Positive trends in COVID-19 cases, an agreement between Russia and Saudi Arabia to cut oil production, and the Fed's unveiling of a \$2.5 trillion loan program to assist small and mid-sized businesses fueled the rally.<sup>4,5</sup>

## CREDIT MARKETS STABILIZE

As the economy shut down in March, credit markets began to exhibit deep stresses. A functional bond market is essential to economic and financial health, which is why the Federal Reserve initiated a number of actions aimed at helping them to operate.

Intervention by the Fed appears to have helped. A raft of new bond offerings may be signaling that investors are now willing to take on more risk. Last week, 11 investment-grade companies sold nearly \$20 billion in bonds.<sup>6</sup>

A stable credit market helps the stock market, and while the bond market is not yet out of the woods, its improving health is a positive sign.

## FINAL THOUGHT

One of the major challenges for investors in the last month has been determining realistic stock valuations amid uncertainty over corporate earnings. With earnings season about to unfold, investors may be able to better gauge the impact of the pandemic on company profits. Investors will get to hear from corporate leaders about the state of their businesses and possibly their outlook for the next few quarters. This may help fill in the gap that currently exists, but what remains uncertain is whether that information proves to be positive or negative for the market.

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### TIP OF THE WEEK



*If you are marrying, take a moment to see how your new marital status will affect your federal and state taxes and whether it would be best to file jointly or separately.*

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## THE WEEK AHEAD: KEY ECONOMIC DATA

**Wednesday:** Retail Sales. Industrial Production.

**Thursday:** Housing Starts. Jobless Claims.

**Friday:** Index of Leading Economic Indicators.

Source: Econoday, April 9, 2020

The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

## THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

**Tuesday:** Johnson and Johnson (JNJ), JP Morgan Chase (JPM), Wells Fargo (WFC)

**Wednesday:** Bank of America (BAC), UnitedHealth Group (UNH), Citigroup (C), Goldman Sachs (GS)

**Thursday:** Blackstone Group (BX), Taiwan Semiconductor (TSM), Abbott Laboratories (ABT)

**Friday:** Schlumberger (SLB), Kansas City Southern (KSU)

Source: Zacks, April 9, 2020

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Any investment should be consistent with your objectives, time frame and risk tolerance. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

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### QUOTE OF THE WEEK

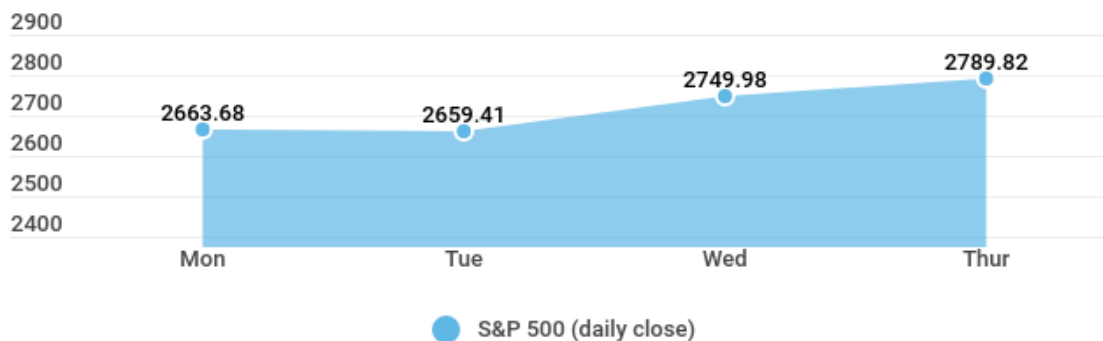



*“One worthwhile task carried to a successful conclusion is worth half-a-hundred half-finished tasks.”*

MALCOLM FORBES

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Market Index	Close	Week	Y-T-D
DJIA	23,719.37	+12.67%	-16.89%
NASDAQ	8,153.58	+10.59%	-9.13%
MSCI-EAFE	1,581.06	+6.32%	-22.38%
S&P 500	2,789.82	+12.10%	-13.65%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.73%	+0.13%	-1.19%

Sources: The Wall Street Journal, April 9, 2020; Treasury.gov, April 9, 2020

The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite is measured from the close of trading on Friday, April 3 to the Thursday, April 9 close. Weekly performance for the MSCI-EAFE is measured from the Friday, April 3 open to the Wednesday April 8 close. U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points. International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

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## THE WEEKLY RIDDLE



*Can you name a vegetable or fruit that is never sold frozen, canned, processed, cooked, or in any other form except fresh?*

*LAST WEEK'S RIDDLE: Can you name six or more things that you can wear on your feet starting with the letter S?*

*ANSWER: Shoes, socks, sandals, sneakers, slippers, skis, skates, snowshoes, stockings, stilts.*

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### **Know someone who could use information like this?**

Please feel free to send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

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CITATIONS:

- 1 – The Wall Street Journal, April 9, 2020.
- 2 – The Wall Street Journal, April 9, 2020.
- 3 – The Wall Street Journal, April 9, 2020.
- 4 – CNBC, April 6, 2020.
- 5 – The Wall Street Journal, April 9, 2020.
- 6 – Bloomberg, April 6, 2020.

CHART CITATIONS:

- The Wall Street Journal, April 9, 2020.
- The Wall Street Journal, April 9, 2020.
- Treasury.gov, April 9, 2020.