| US Economy and Credit Markets | | | |
|---|---|---|---|
| Yields and Weekly Changes: | | | |
| 3 Mo. T-Bill: | 0.086 (-10.7 bps) | GNMA (30 Yr) 6% Coupon: | 111-03/32 (2.63%) |
| 6 Mo. T-Bill: | 0.155 (-6.9 bps) | Duration: | 3.69 years |
| 1 Yr. T-Bill: | 0.145 (-5.3 bps) | Bond Buyer 40 Yield: | 3.72 (-02 bps) |
| 2 Yr. T-Note: | 0.202 (-2.4 bps) | Crude Oil Futures: | 18.27 (-4.49) |
| 3 Yr. T-Note: | 0.250 (-4.5 bps) | Gold Spot: | 1,682.82 (-13.83) |
| 5 Yr. T-Note: | 0.360 (-4.5 bps) | Merrill Lynch High Yield Indices: | |
| 10 Yr. T-Note: | 0.642 (-7.7 bps) | U.S. High Yield: | 8.04 (-63 bps) |
| 30 Yr. T-Bond: | 1.260 (-8.3 bps) | BB: | 5.88 (-54 bps) |
| | | B: | 9.11 (-67 bps) |

Last week saw oil fall under $20/bbl, gold continuing to spike higher, and Treasury prices rise. Most noteworthy in economic news is the stunning rise in unemployment claims. Initial jobless claims averaged between 200-300 thousand per week in the three weeks ending on March 14. In the four initial jobless claims reports March 21st through April 11th, over 21 million workers have filed claims. Monday saw the Consumer Price Index declining 0.4% in March, led by a 5.8% decline in energy prices. Food prices were up slightly and Core CPI, excludes food and fuel, declined 0.1% in March. Wednesday's Retail Sales data slid meaningfully by 8.7%. Expectations were for an 8% decline. Declines were led by lower sales in auto, restaurants & bars, clothing & accessory stores, and gas stations. Industrial Production was also reported falling on Wednesday. It declined 5.4% versus an expected fall of 4.0%. Manufacturing, which excludes mining/utilities, declined 6.3% in March. Auto production dropped 28.0%, while non-auto manufacturing fell 4.5%. Headline industrial production and its manufacturing subcomponent plunged 5.4% and 6.3% respectively. Last week ended with Friday's Housing Starts reporting a precipitous decline of 22.3% in March. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: March Existing Home Sales (5.3M, 5.77M); Wednesday: April 17 MBA Mortgage Applications, April 18 Initial Jobless Claims (4,500K, 5,245K), April preliminary Markit US Manufacturing PMI (36.0, 48.5), and March New Home Sales (642K, 765K); Thursday: March preliminary Durable Goods Orders (-12.0%, 1.2%); Friday: April final University of Michigan Sentiment (67.9, 71.0)

| US Equities | | | |
|---|---|---|---|
| Weekly Index Performance: | | Market Indicators: | |
| DJIA: | 24,242.49 (+2.24%) | Strong Sectors: | Cons Disc, Health Care, Info Tech |
| S&P 500: | 2,874.56 (+3.06%) | | |
| S&P Midcap: | 1,561.43 (-1.54%) | Weak Sectors: | Financials, Real Estate, Materials |
| S&P Smallcap: | 722.58 (-2.76%) | | |
| NASDAQ Comp: | 8,650.14 (+6.09%) | NYSE Advance/Decline: | 1,285 / 1,748 |
| Russell 2000: | 1,052.05 (-1.40%) | NYSE New Highs/New Lows: | 40 / 49 |
| | | AAII Bulls/Bears: | 34.9% / 42.7% |

Stock gained during another volatile week after President Trump announced a plan to reopen states and new treatments to fight the coronavirus showed promise. Patients are responding well to a drug developed by **Gilead Sciences** with patients "seeing rapid recoveries in fever and respiratory symptoms." The flattening of the curve and new treatments were balanced by rapidly deteriorating economic activity. Retail sales fell by 8.7% in March and initial jobless claims crossed 5 million for the week, bringing the combined total of lost jobs to over 22 million. With investors flocking to safety, work-from-home exposed stocks and big technology once again paced the market. The NASDAQ 100 Index surged 7.2%, led by a 16.3% gain from **Amazon.com Inc**. The six major money center banks kicked-off earnings season. **JP Morgan Chase & Co.** set aside over $8 billion for loan loss provisions, while **Goldman Sachs Group Inc.** had large write-downs in its investment portfolio. While a flagging consumer and falling risk-assets led to losses, trading revenues were a bright spot as market volatility led in increased trading volumes across fixed-income and equities. **Morgan Stanley's** earnings fell by 30%, while **Wells Fargo's** profitability fell by 89% with the other four money center banks somewhere in between. The financial system remains on stronger footing than during the global financial crisis with America's largest banks providing funding to corporations, small businesses and help to individuals in need. Over the next few weeks many of the largest corporations will report results. Investors will be focused on the prospects of businesses during the next few quarters and the liquidity of firms that are not on as solid of footing.