

Open-End Net Fund Flows (\$)	4/20	3/20	YTD (Apr)
Equity	-31.83B	-45.94B	-132.98B
Taxable Bond	-4.23B	-213.15B	-168.23B
Municipal Bond	-3.17B	-42.13B	-24.56B
Hybrid	1.78B	-47.22B	-51.28B
Taxable Money Market	390.86B	694.81B	1.10T

Key Interest Rates	5/29/20	12/31/19	5/31/19
Federal Funds Target Rate	0.25%	1.75%	2.50%
ICE LIBOR (3-Month)	0.34%	1.91%	2.50%
2-Year T-Note	0.16%	1.57%	1.92%
10-Year T-Note	0.65%	1.92%	2.13%
Bond Buyer 40	3.72%	3.63%	3.71%

Commodities/U.S. Dollar	5/20	YTD	12 Mo.
U.S. Dollar Index (DXY)	-0.69%	2.02%	0.60%
TR/CC CRB Commodity Index	12.83%	-28.82%	-24.59%
Crude Oil/WTI (per Barrel)	88.38%	-41.88%	-33.66%
Natural Gas (per million BTUs)	-5.13%	-15.53%	-24.49%
Gold Bullion (Ounce)	2.52%	14.04%	33.01%

Total Return Performance

U.S. Stock Indices	5/20	YTD	12 Mo.
S&P 500	4.76%	-4.98%	12.82%
DJIA	4.66%	-10.06%	4.83%
NASDAQ 100	6.31%	9.89%	35.45%
S&P MidCap 400	7.32%	-13.86%	-0.83%
Russell 2000	6.51%	-15.96%	-3.47%
Russell 3000	5.35%	-5.64%	11.45%

U.S. Styles/Market Caps	5/20	YTD	12 Mo.
S&P 500 Growth	5.95%	3.67%	20.07%
S&P 500 Value	3.19%	-14.71%	4.20%
S&P MidCap 400 Growth	8.92%	-6.50%	6.17%
S&P MidCap 400 Value	5.29%	-21.86%	-8.74%
Russell 2000 Growth	9.45%	-6.65%	7.30%
Russell 2000 Value	2.87%	-25.66%	-14.72%

Foreign Stock Indices (USD)	5/20	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	4.25%	-14.42%	-3.12%
MSCI Emerging Markets NET	0.77%	-15.96%	-4.39%
MSCI Europe NET	4.55%	-16.19%	-4.41%
MSCI BRIC NET	0.47%	-14.28%	-1.62%
MSCI EM Latin America NET	6.45%	-38.46%	-31.88%
Nikkei 225	7.47%	-5.66%	9.21%

Bloomberg Barclays Bond Ind.	5/20	YTD	12 Mo.
U.S. Treasury: Intermediate	0.18%	5.73%	7.87%
GNMA 30 Year	0.11%	3.78%	6.38%
Municipal Bond (22+)	4.16%	0.21%	3.66%
U.S. Aggregate	0.47%	5.47%	9.42%
Intermediate Corporate	1.82%	2.56%	7.20%
U.S. Corporate High Yield	4.41%	-4.73%	1.32%
Global Aggregate	0.44%	2.08%	5.59%
EM Hard Currency Aggregate	4.62%	-3.25%	2.55%

Sources: Bloomberg, Bloomberg Barclays, Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

Climate

Perhaps the best word to describe the relationship between the economy and the stock market these days is disconnected. The rally in stocks does not reflect the pain in the economy. We all know by now that the federal government in all its forms has responded aggressively to the coronavirus (COVID-19) pandemic. The support is measured in trillions of dollars, but not all of the stimulus has reached those in need. Nearly 33% of unemployment benefits earmarked for millions of Americans who lost their jobs due to COVID-19 have yet to be paid out, according to Bloomberg. Perhaps the best explanation for the disconnect between the stock market and the economy is that investors have written 2020 off and are focused on 2021.

Stock Market

The S&P 500 Index ("index") closed at 3,044.31 on 5/29/20, 10.10% below its all-time closing high of 3,386.15 on 2/19/20, according to Bloomberg. The S&P 500 Index posted a total return of 4.76% in May. All 11 major sectors that comprise the index were up on a total return basis. The top-performer was Information Technology, up 7.05%, while the worst showing came from Consumer Staples, up 1.51%. Year-to-date through May, the S&P 500 Index posted a total return of -4.98%. Four of the 11 major sectors were up on a total return basis. The top-performer was Information Technology, up 7.29%, while the worst showing came from Energy, down 34.49%. While S&P 500 Index earnings have been adjusted much lower for 2020 since the start of the year, 2021 projections are up significantly. As of 12/30/19, Bloomberg's 2020 and 2021 consensus earnings estimates for the S&P 500 Index stood at 9.02% and 10.72%, respectively. As of 5/29/20, those same two estimates were -21.82% and 25.83%, respectively. A Bloomberg survey of 18 equity strategists found that their average 2020 year-end price target for the S&P 500 Index was 2,933 as of 5/18/20, according to its own release. The highest estimate was 3,500 while the lowest estimate was 2,500. We did just learn of a potential buy signal for equities. As of 6/2/20, more than 90% of the companies that comprised the S&P 500 Index were sitting above their 50-day moving average, according to Bloomberg. Ned Davis Research notes that historically this has only happened 19 other times. Its analysis shows that the S&P 500 Index rose over the following 12 months in each of those instances, posting an average gain of 17.3%, according to Bloomberg.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 5/29/20 at 0.65%, up one basis point (bps) from its 0.64% close on 4/30/20, according to Bloomberg. The yield stood 164 bps below its 2.29% average for the 10-year period ended 5/29/20. As we have noted in the past, persistently low levels of interest rates, bond yields and inflation, both domestic and foreign, provide a suitable climate for bond investors. The amount of investment-grade corporate debt issued in the U.S. so far this year reached \$1.038 trillion at the end of May, double the total at this point a year ago, according to CNBC. Since 3/23/20, the day that the Federal Reserve ("Fed") announced it would support the corporate bond market by purchasing its debt, \$706.9 billion of these bonds have come to market. S&P Global reported at the end of May that there were a record 1,287 issuers on its potential downgrade list, eclipsing the previous peak of 1,028 set in April 2009. Under normal market conditions, that figure might deter some investors from purchasing corporate bonds, but that does not appear to be the case at this time with the Fed buying corporate bonds in the secondary market for the first time ever. In essence, the Fed is sending a signal that it is backstopping risk. With yields on money market funds plunging, more investors could turn to bonds in search of higher returns, in our opinion. Crane Data reported that nearly half of all money funds and around 25% of all money market fund assets are generating zero yield now after fees.

Takeaway

The S&P 500 Index has never failed to fully recoup the losses sustained in any sell-off, pullback, correction or bear market. The stock market is proving to be highly resilient once again. The 33.9% price plunge in the S&P 500 Index from 2/19/20 through 3/23/20 combined with the forced shutdown of large portions of the U.S. economy has attracted some new blood to the market. Three of the four largest online brokerages in the U.S. reported that they hit a record number of account sign-ups in either March or April, according to the *Financial Times*. The three firms added a combined 780,000 customers. Rich Repetto, senior research analyst at Sandler O'Neill, notes that the combination of the stay-at-home mandate and very few live sporting events for bettors to wager on has motivated some people to trade securities.

Data as of 5/29/20

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	3386.15	2/19/2020	1022.58	7/2/2010	3044.31	-10.10%	-4.98%	1.99%
S&P 500 Growth	2120.38	2/19/2020	528.55	7/2/2010	2013.60	-5.04%	3.67%	1.23%
S&P 500 Value	1301.02	1/17/2020	486.55	7/2/2010	1083.07	-16.75%	-14.71%	3.05%
S&P MidCap 400	2106.12	2/20/2020	700.16	7/6/2010	1763.95	-16.25%	-13.86%	1.99%
S&P MidCap 400 Growth	1004.45	2/20/2020	306.64	7/6/2010	898.97	-10.50%	-6.50%	1.17%
S&P MidCap 400 Value	692.20	1/16/2020	251.27	7/6/2010	528.59	-23.64%	-21.86%	3.01%
S&P 100	1518.94	2/19/2020	463.84	7/2/2010	1389.63	-8.51%	-2.78%	1.97%
DJIA	29551.42	2/12/2020	9686.48	7/2/2010	25383.11	-14.11%	-10.06%	2.57%
NASDAQ 100	9718.73	2/19/2020	1728.34	7/2/2010	9555.52	-1.68%	9.89%	0.90%
Russell 2000	1740.75	8/31/2018	590.03	7/6/2010	1394.04	-19.92%	-15.96%	1.66%
Russell 2000 Growth	1142.13	2/19/2020	324.00	7/6/2010	1012.09	-11.39%	-6.65%	0.78%
Russell 2000 Value	2049.42	8/22/2018	804.33	10/3/2011	1418.87	-30.77%	-25.66%	2.83%
Russell 3000	1984.26	2/19/2020	602.36	7/2/2010	1771.37	-10.73%	-5.64%	1.93%
MSCI World Net (ex U.S.) (USD)	6499.50	1/17/2020	3273.99	6/8/2010	5498.61	-15.40%	-14.42%	3.22%
MSCI Emerging Markets Net (USD)	573.23	1/26/2018	296.25	1/21/2016	443.35	-22.66%	-15.96%	2.99%
Ibovespa/Brazil (USD)	43619.40	4/8/2011	9077.09	1/21/2016	16108.11	-63.07%	-43.86%	3.78%
RTS/Russia (USD)	2123.56	4/8/2011	628.41	1/20/2016	1219.76	-42.56%	-20.47%	7.32%
S&P BSE 500/India (USD)	245.12	1/24/2018	95.89	9/3/2013	164.26	-32.99%	-24.88%	1.70%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	399.68	-51.97%	-8.56%	2.35%
KOSPI/South Korea (USD)	2.42	1/29/2018	1.16	3/19/2020	1.64	-32.32%	-13.42%	2.28%
Hang Seng (USD)	4241.01	1/26/2018	2087.46	10/4/2011	2961.97	-30.16%	-17.53%	4.05%
MSCI Euro (USD)	1544.35	1/26/2018	814.62	6/1/2012	1133.87	-26.58%	-17.76%	3.11%
S&P 500 Consumer Discretionary	1048.28	2/19/2020	228.84	7/6/2010	1002.29	-4.39%	2.13%	1.17%
S&P 500 Consumer Staples	665.35	2/14/2020	262.40	7/2/2010	605.78	-8.95%	-5.35%	2.90%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	291.59	-60.44%	-34.49%	6.13%
S&P 500 Utilities	359.13	2/18/2020	141.65	6/1/2010	302.05	-15.89%	-6.79%	3.39%
S&P 500 Financials	516.21	1/2/2020	151.85	10/3/2011	387.52	-24.93%	-23.40%	2.74%
S&P 500 Banks	383.30	1/2/2020	105.73	8/22/2011	245.17	-36.04%	-34.44%	4.17%
FTSE NAREIT All Equity REITs	835.20	2/14/2020	342.95	7/6/2010	651.58	-21.99%	-15.26%	4.21%
S&P 500 Health Care	1219.65	1/22/2020	324.13	7/1/2010	1198.14	-1.76%	1.61%	1.68%
S&P 500 Pharmaceuticals	768.14	1/21/2020	268.30	6/4/2010	739.38	-3.74%	0.28%	2.68%
NYSE Arca Biotechnology	5652.22	5/20/2020	995.18	7/6/2010	5636.43	-0.28%	11.34%	0.25%
S&P 500 Information Technology	1801.61	2/19/2020	328.07	7/2/2010	1718.49	-4.61%	7.29%	1.31%
Philadelphia Semiconductor	1979.50	2/19/2020	307.49	8/31/2010	1852.49	-6.42%	0.88%	1.70%
S&P 500 Telecom Services	192.97	2/19/2020	101.47	6/7/2010	180.89	-6.26%	0.21%	1.27%
S&P 500 Industrials	718.21	2/12/2020	234.50	7/2/2010	570.15	-20.62%	-16.32%	2.40%
S&P 500 Materials	401.59	1/26/2018	170.73	7/2/2010	348.38	-13.25%	-8.89%	2.29%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	120.10	-47.54%	12.72%	0.65%
TR/CC CRB Commodity	370.56	4/29/2011	106.29	4/21/2020	132.24	-64.31%	-28.82%	N/A
ICE BofA Perpetual Preferred	293.45	2/17/2020	137.17	6/1/2010	281.77	-3.98%	-2.15%	4.85%
ICE BofA U.S. High Yield Constrained	472.87	2/20/2020	233.02	6/10/2010	440.14	-6.92%	-5.76%	7.35%

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