
Economic Normalization Near?

Weekly Update – May 4, 2020

The Week on Wall Street

Stock prices ended the week slightly lower, despite news of positive results from a test trial of a COVID-19 drug treatment and several states easing their economic lockdowns.

The Dow Jones Industrial Average slipped 0.22%, while the Standard & Poor's 500 lost 0.21%. The Nasdaq Composite Index dropped 0.34%. The MSCI EAFE Index, which tracks developed stock markets overseas, rose 4.34%.^{1,2,3}

Light at the End of the Tunnel?

Investors were emboldened last week by two significant developments: a quickening in the pace of state re-openings and positive results from a clinical trial of pandemic treatment. These developments turned investor focus toward economic normalization and away from the economic destruction that has occurred.

Market optimism was also supported by earnings reports early in the week, which showed that some companies were navigating reasonably well through the crisis. But stocks retreated on Friday as traders reacted to mixed earnings from two tech titans. The two firms offered a reminder that even the strongest companies have not escaped the economic impact of the pandemic.

Worries over possible new China trade tariffs also weighed on stocks as the trading week came to a close.

Corporate Earnings

It was a busy week for corporate earnings reports. So far, the earnings season has been mixed; it has provided some clarity, though, about the impact of COVID-19 on businesses.

With 193 of S&P 500 companies reporting, 65% have checked in with results ahead of consensus Wall Street estimates. Among the better-performing sectors to date were Technology and Consumer Staples. Financials were among the laggards.^{4,5,6}

Final Thought

Despite the continued shutdown of businesses nationwide, stocks staged a powerful rebound in April, leading some to wonder if Wall Street is disconnected from Main

Street. But market watchers are quick to point out that Main Street may not be as disconnected as it appears. April's rally was led by a group of very large companies, with over 75% of stocks in the S&P 500 trading below their 200-day moving average.⁷

THIS WEEK: KEY ECONOMIC DATA

Monday: Factory Orders.

Wednesday: Automatic Data Processing (ADP) Employment Report.

Thursday: Jobless Claims.

Friday: Employment Situation Report.

Source: Econoday, May 1, 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.

THIS WEEK: COMPANIES REPORTING EARNINGS

Monday: Skyworks Solutions (SWKS), Tyson Foods (TSN)

Tuesday: Walt Disney (DIS), Electronic Arts (EA), Prudential Financial (PRU), Illinois Tool Works (ITW), Sysco (SYY)

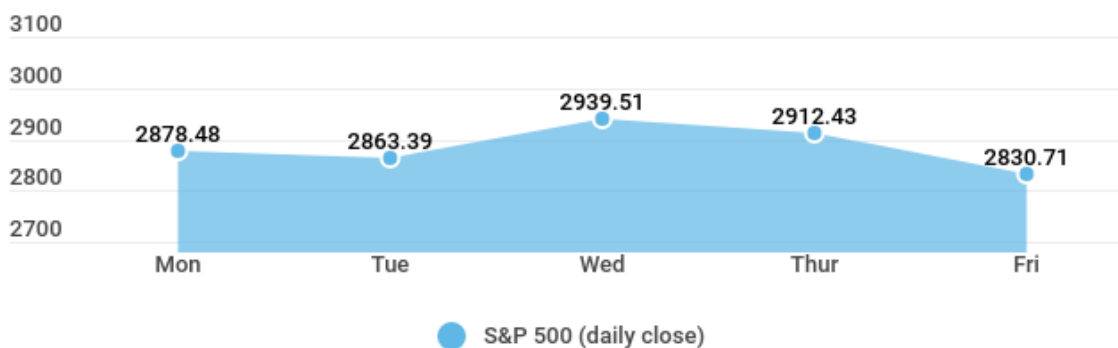
Wednesday: Square (SQ), CVS Health (CVS), General Motors (GM), Shopify (SHOP), T-Mobile (TMUS)


Thursday: Bristol-Myers (BMY), Anheuser-Busch (BUD), Becton Dickinson (BDX), Danaher Corp. (DHR)

Source: Zacks, May 1, 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.

Market Index	Close	Week	Y-T-D
DJIA	23,723.69	-0.22%	-16.87%
NASDAQ	8,604.95	-0.34%	-4.10%
MSCI-EAFE	1,657.69	+4.34%	-18.62%
S&P 500	2,830.71	-0.21%	-12.38%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.64%	+0.04%	-1.28%

Sources: The Wall Street Journal, May 1, 2020; Treasury.gov, May 1, 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 24 to the Friday, May 1 close. Weekly performance for the MSCI-EAFE is measured from the Friday, April 24 open to the Thursday April 30 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.

QUOTE OF THE WEEK



“Inspiration comes from within yourself. One has to be positive. When you're positive, good things happen.”

– Deep Roy

RECIPE OF THE WEEK



Celebration Chocolate Cupcakes



Makes 12 to 14 servings

Ingredients:

- $\frac{3}{4}$ cup all-purpose flour
- $\frac{1}{2}$ cup cocoa powder (unsweetened)
- $\frac{3}{4}$ tsp. baking powder
- $\frac{1}{2}$ tsp. baking soda
- $\frac{1}{4}$ tsp. salt
- 2 large eggs
- $\frac{1}{2}$ cup granulated sugar
- $\frac{1}{2}$ cup brown sugar
- $\frac{1}{3}$ cup melted coconut oil
- 2 tsp. vanilla extract
- $\frac{1}{2}$ cup buttermilk, room temperature

- Frosting of choice

Directions:

1. Preheat the oven to 350° F.
2. Between two muffin pans, line them with 14 cupcake liners.
3. In a large bowl, whisk flour, cocoa powder, baking powder, baking soda, and salt together.
4. Whisk the eggs, granulated sugar, brown sugar, oil, and vanilla together in a second bowl until combined and smooth.
5. Add half of the egg mixture into the flour mixture, followed by half of the buttermilk, then mix.
6. Add the rest of the egg mixture and buttermilk, then stir, but do not overmix. If you do, this will thin the batter.
7. Carefully add the batter into the liners with a spoon, only halfway.
8. Bake for 18 to 21 minutes, or until a toothpick comes out clean.
9. Cool completely.
10. Add preferred frosting and sprinkles, or otherwise, decorate to taste.

Recipe adapted from SallysBakingAddiction.com⁸



Preparation is Key

With this year's tax deadline moved to July 15th, you might be tempted to push your taxes to the back of your mind. Now is a good time, however, to set up a system that will keep your tax records safe and easy to find. Here's how to make organizing your taxes even easier:

- Speak to a professional about tax minimization strategies you can employ.
- Already worried about next year's tax burden? Adjust your withholding to avoid a big bill at tax time.
- Take action when your life changes. Getting married or divorced, having a child, incorporating a business – these are all life changes that may affect your taxes. Speak to a professional about updating your tax information.
- Keep all your tax documents organized in one place. Add files, documents, and receipts as they arrive.
- Find a tax specialist. If you're not currently working with a tax professional, now is

a good time to interview one.

* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov⁹



A Takeaway Tip

Most of the tour pros who crush the ball off the tee have long, flowing backswings, featuring a great takeaway and a big arc that sets up a powerful downswing. One simple exercise can promote this.

Find a backless bench about 1' wide (you might see one on the next tee, in fact). Get your driver and take your stance on one side of the bench and put your driver over the other side. (In other words, put the foot-wide bench seat between you and your club.) Now make your takeaway with your driver and try to go as far back as you can. The bench prevents you from pulling your driver to the inside, and it teaches you how to extend your takeaway for a larger, powerful arc.

Tip adapted from Shark.com¹⁰



Journaling for Your Health

A pen, some paper, your hand, and your brain. Who would have thought that this quartet could yield some serious benefits to your health? Journaling has been around for over a thousand years. Studies show that writing engages your left brain in analytical and rational thinking, leaving your right brain free to feel, perceive, intuit, and access your subconscious. So, bearing in mind that this information is not a substitute for medical advice from a licensed health care provider, how could this process help you?

- **It calms your mind.** When you're stressed and can't work out how you're

feeling, writing your thoughts in a stream-of-consciousness style may help you determine your stressors, find solutions, and resolve conflicts.

- **You get to know yourself.** Once you begin examining your inner thoughts, you'll have a better barometer of who you are.
- **Be a better problem solver.** Allowing your right brain to have some leeway can help you find creative solutions that your left brain may not have been unable to concoct on its own.

Given the stress we've all experienced over the past several weeks, a journal could be a great tool to have in your wellness toolbox.

Tip adapted from PsychCentral.com¹¹



Plant Stacking in Permaculture Gardening

What is permaculture gardening, and how does it compare to regular gardening?

Quite simply, permaculture gardening is shorthand for “permanent agriculture.” Rather than changing your garden every year, a permaculture garden is designed to be a year-round affair, working with your natural environment. Every part of the garden design and planting is considered with these principles in mind: to do the least amount of labor without destroying the land.

Plant stacking is one of the easiest ways to implement permaculture gardening into your own plot. Trees are the top layer, followed by shrubs, herbaceous plants, and then ground-cover plants. Vines can be incorporated as well. Plant stacking protects your plants from exposure to wind and rain, while also maximizing the amount of space in your garden.

Tip adapted from The Spruce¹²

Share the Wealth of Knowledge!

Please share this market update with family, friends, or colleagues.

If you would like us to add them to our list,

you can have them check-out our web-site (<http://thebacagroup.com>)

We love being introduced!

Investing involves risk including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values.

Diversification does not guarantee profit nor is it guaranteed to protect assets.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors.

The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

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 DJIA was invented by Charles Dow back in 1896.

The Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of stocks of technology companies and growth companies.

The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) that serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indices from Europe, Australia, and Southeast Asia.

The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

Past performance does not guarantee future results.

You cannot invest directly in an index.

Consult your financial professional before making any investment decision.

Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

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¹ The Wall Street Journal, May 1, 2020

² The Wall Street Journal, May 1, 2020

³ The Wall Street Journal, May 1, 2020

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- ⁴ NASDAQ, April 30, 2020
 - ⁵ NASDAQ, April 30, 2020
 - ⁶ NASDAQ, April 30, 2020
 - ⁷ Index Indicators, May 1, 2020
 - ⁸ SallysBakingAddiction.com, May 1, 2020
 - ⁹ IRS.gov, December 16, 2019
 - ¹⁰ Shark.com, May 1, 2020
 - ¹¹ PsychCentral.com, May 1, 2020
 - ¹² TheSpruce.com, May 1, 2020