*In this week's recap: Markets swing upward as the Federal Reserve and Congress move stimulus forward.*

# Weekly Economic Update

*Presented by Michael J. Levine, March 30, 2020*

## THE WEEK ON WALL STREET

An open-ended commitment by the Federal Reserve to support American businesses and capital markets along with the passage of a $2 trillion aid package improved investor sentiment and drove a strong rally in stock prices.

The Dow Jones Industrial Average jumped 12.84%, while the Standard & Poor 500 gained 10.26%. The Nasdaq Composite index rose 9.05% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, increased by 12.03%.[1-3]

## STOCKS REBOUND

A stunning string of Federal Reserve initiatives and the passage of a $2 trillion aid bill buoyed stocks this week, with the Dow Jones Industrial Average jumping by over 11% on Tuesday, its best day since 1933. Stocks continued to strengthen the following day, registering their first back-to-back gains since February.[4,5]

Despite a record 3.28 million jobless claims, stocks added to their gains for a third straight day. Stocks gave back some gains on the final day of trading to end an otherwise welcomed week of positive price action.[6]

## A SHIFT IN THE CONVERSATION

The conversation around the domestic spread of the coronavirus has been centered on "flattening the curve," with closures of local businesses and schools, a shift to working from home, and appeals for social distancing.

Hitting the pause button on the U.S. economy, however, has had its consequences, including massive job losses, sharp declines in business revenues, and disarray in the capital markets. This week the conversation shifted to include how to restart the economy amid a pandemic that may not have yet peaked.

## FINAL THOUGHT

On a strictly definitional basis, the three-day surge in stock indices this week signaled a new bull market (when stocks rise 20% after having fallen 20% or more). But it's hard for even professional investors to make sense of a market that enters a bear market and a bull market in the same month. This volatility certainly speaks to the deep health and economic uncertainties that exist.

It's not clear what the rally this past week means for the market going forward. Absent such clarity, markets are likely to remain volatile in the near term, requiring investors to be patient with their long-term investments and wait as calmly as possible for time to answer the big questions overhanging today's market.

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TIP OF THE WEEK

*Own a business? Negotiating with vendors may help you save a few hundred dollars in monthly operating costs. It doesn't hurt to try it; any vendor would prefer a satisfied customer over a search for a new one.*

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## THE WEEK AHEAD: KEY ECONOMIC DATA

**Tuesday:** Consumer Confidence.

**Wednesday:** Automated Data Processing (ADP) Employment Report. Purchasing Managers Index (PMI): Manufacturing Index. Institute for Supply Management (ISM) Manufacturing Index.

**Thursday:** Jobless Claims for Unemployment. Factory Orders.

**Friday:** Employment Situation Report. Purchasing Managers Index (PMI): Services Index.

Source: Econoday, March 27, 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:** Conagra Brands (CAG), McCormick & Co. (MKC)

**Thursday:** Walgreens Boots (WBA), Chewy (CHWY)

**Friday:** Constellation Brands (STZ)

Source: Zacks, March 27, 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

*"Drama is life with the dull bits cut out."*

*ALFRED HITCHCOCK*

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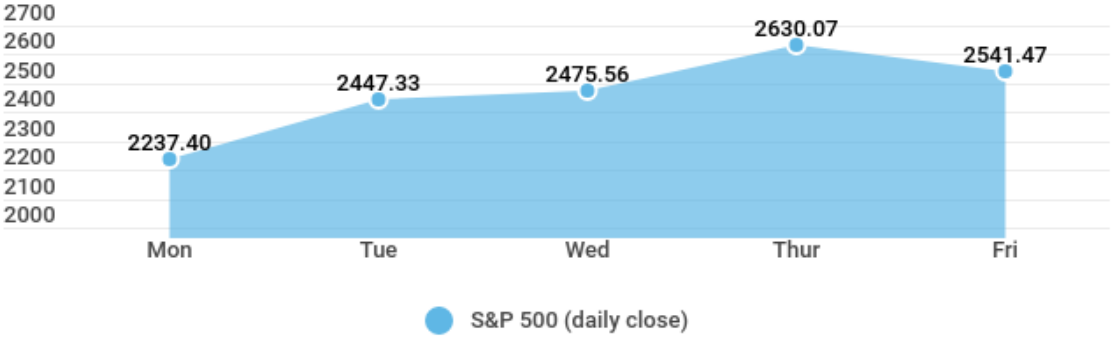
| Market Index | Close | Week | Y-T-D |
|---|---|---|---|
| DJIA | 21,636.78 | +12.84% | -24.18% |
| NASDAQ | 7,502.38 | +9.05% | -16.39% |
| MSCI-EAFE | 1,561.60 | +12.03% | -23.34% |
| S&P 500 | 2,541.47 | +10.26% | -21.34% |




| | Treasury | Close | Week | Y-T-D |
|---|---|---|---|---|
| | 10-Year Note | 0.70% | -0.18% | -1.22% |

Sources: The Wall Street Journal, March 27, 2020; Treasury.gov, March 27, 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, March 20 to the Friday, March 27 close. Weekly performance for the MSCI-EAFE is measured from the Friday, March 20 open to the Thursday, March 26 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.

*What famed North American landmark is constantly moving lower and moving backward?*

*LAST WEEK'S RIDDLE: A man pocketed it and took it home, intending to eat it. He put it on a shelf, but three days later it walked away. What was it?*

*ANSWER: An egg.*

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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, March 27, 2020.
2 – The Wall Street Journal, March 27, 2020.
3 – The Wall Street Journal, March 27, 2020.
4 – CNBC.com, March 23, 2020.
5 – The Wall Street Journal, March 25, 2020.
6 – The Wall Street Journal, March 26, 2020.

CHART CITATIONS:

The Wall Street Journal, March 27, 2020.
The Wall Street Journal, March 27, 2020.
Treasury.gov, March 27, 2020.