

In this week's recap: The White House makes plans to reopen the economy, as analysts examine the first-hard economic data reckoning the U.S. reaction to COVID-19.

Weekly Economic Update

Presented by Heritage Wealth Management, April 20, 2020

THE WEEK ON WALL STREET

Stock prices pushed higher last week as news of a White House plan to reopen the economy and reports of a potential COVID-19 treatment helped the market overcome weak economic data and an ugly start to the corporate earnings season.

The Dow Jones Industrial Average rose 2.21%, while the Standard & Poor's 500 advanced 3.04%. The Nasdaq Composite Index gained 6.09% for the week. The MSCI EAFE Index, which tracks developed overseas stock markets, slumped 1.75%.^{1,2,3}

REALITY HITS

Until last week, the extent of the economic damage from COVID-19 lacked a lot of hard data. With the release of retail sales (down 8.7% for March), industrial production (down 5.4% in March), and new jobless claims of 5.2 million (bringing the four-week total to 22 million), the scope of economic trouble became clearer.^{4,5,6}

Stocks wavered throughout the week as investors digested the economic data and balanced the reports against signs that the pandemic may have peaked. With news of a plan to restart the economy and promising test results of a COVID-19 treatment, market sentiment turned positive, sending stocks higher on the final day of trading and cementing the second consecutive week of gains.

CORPORATE EARNINGS

Large banks kicked off the quarterly earnings season, reporting declines in profits as they hiked loan loss reserves and saw a contraction in consumer credit card use. The large loan loss reserves represent a sobering view on just how much the banks believe small businesses and consumers may be affected by the economic downturn.

FINAL THOUGHT

With bank earnings reports, investors got an important – but limited – view of the state of the economy. This week’s earnings reports are expected to provide a much broader cross-section of the economy, with a number of consumer products, technology, industrial, transportation, and communication services companies reporting.

TIP OF THE WEEK



A cleverly promoted, inexpensive customer loyalty program may help your business realize improved long-term cash flow.

THE WEEK AHEAD: KEY ECONOMIC DATA

Tuesday: Existing Home Sales.

Thursday: New Home Sales. Jobless Claims.

Friday: Durable Goods Orders. Consumer Sentiment.

Source: Econoday, April 17, 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

Monday: IBM (IBM), Halliburton (HAL)

Tuesday: Netflix (NFLX), Procter & Gamble (PG), Coca-Cola (KO), United Airlines (UA)

Wednesday: Facebook (FB), AT&T (T), Boeing (BA), Tesla (TSLA), Visa (V)

Thursday: Amazon (AMZN), Intel (INTC), Starbucks (SBUX), 3M Company (MMM), Southwest Airlines (LUV)

Friday: Verizon (VZ), American Airlines (AAL), American Express (AXP)

Source: Zacks, April 17, 2020

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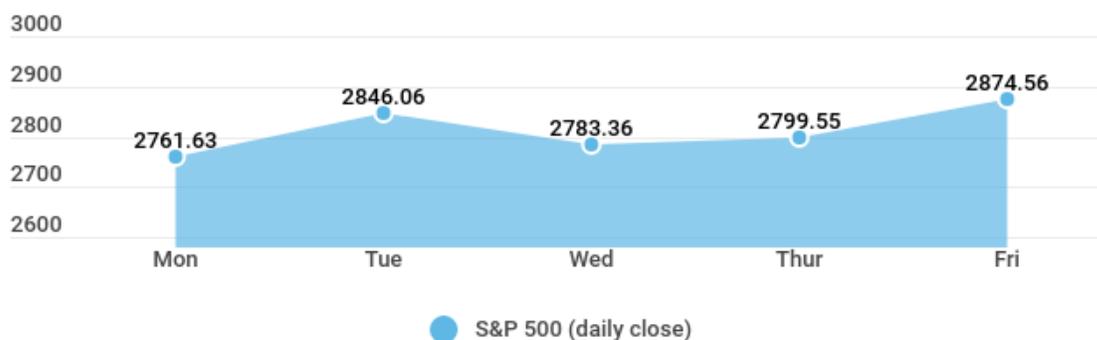
QUOTE OF THE WEEK



“In a society of super-sophisticated communication, we often suffer from a shortage of listeners.”

ERMA BOMBECK

Market Index	Close	Week	Y-T-D
DJIA	24,242.49	+2.21%	-15.05%
NASDAQ	8,650.14	+6.09%	-3.59%
MSCI-EAFE	1,582.04	-1.75%	-22.33%
S&P 500	2,874.56	+3.04%	-11.03%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.65%	-0.08%	-1.27%

Sources: The Wall Street Journal, April 17, 2020; Treasury.gov, April 17, 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 10 to the Friday, April 17 close. Weekly performance for the MSCI-EAFE is measured from the Friday, April 10 open to the Thursday April 16 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.

THE WEEKLY RIDDLE



Can you name a sport in which neither the spectators nor the participants know the score or the winner until the match ends?

LAST WEEK'S RIDDLE: Can you name a vegetable or fruit that is never sold frozen, canned, processed, cooked, or in any other form except fresh?

ANSWER: Lettuce.

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 17, 2020.
- 2 – The Wall Street Journal, April 17, 2020.
- 3 – The Wall Street Journal, April 17, 2020.
- 4 – The Wall Street Journal, April 15, 2020.
- 5 – MarketWatch, April 15, 2020.
- 6 – The Wall Street Journal, April 16, 2020.

CHART CITATIONS:

- The Wall Street Journal, April 17, 2020.
- The Wall Street Journal, April 17, 2020.
- Treasury.gov, April 17, 2020.