



# INCISIVE INVESTOR

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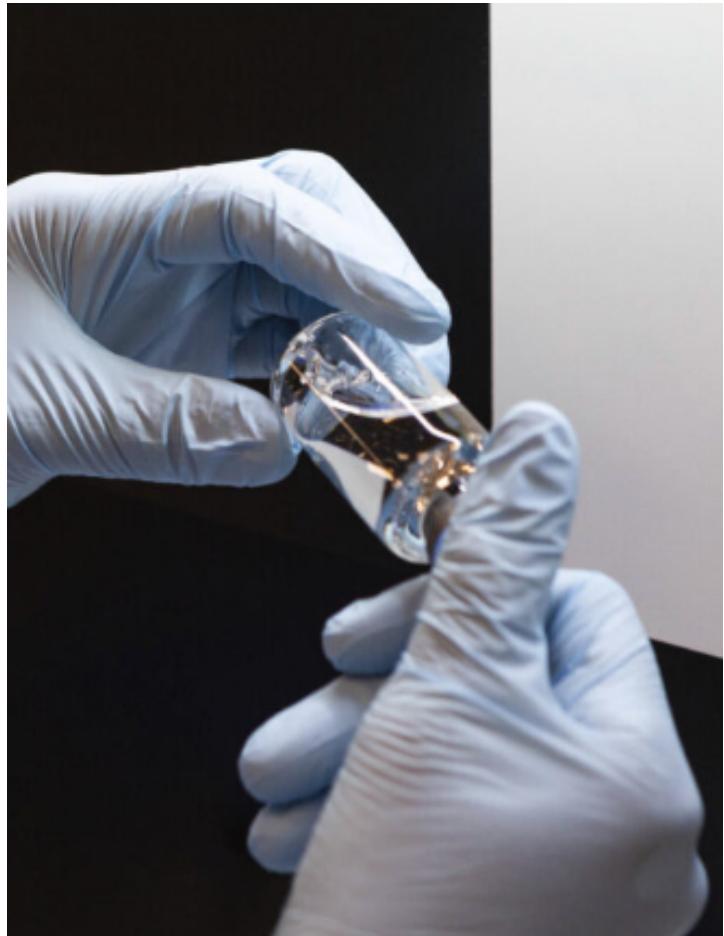
## WEEK IN REVIEW **GILEAD CORONAVIRUS TREATMENT AND PLANS FOR U.S. REOPENING**



Stocks rallied into the close Friday to notch their second-straight weekly gain after investor sentiment was buoyed by news of a possible treatment for the COVID-19 disease and after the Trump administration announced guidelines for reopening the economy late Thursday.

The Dow Jones Industrial Average DJIA rose 704.81 points, or 3%, to end the session at 24,242.49, while the S&P 500 SPX advanced 75.01 points, or 2.7%, to 2,874.56. The Nasdaq Composite Index COMP gained 117.78 points, or 1.4%, to close at 8,650.14.

For the week, the Dow gained 2.2%, the S&P 500 advanced 3% and the Nasdaq rose 6.1%.



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## **White House set guidelines for reopening US economy**

On Thursday, the White House Coronavirus Taskforce announced guidelines for a phased reopening of the US economy on a state-by-state basis after certain epidemiological benchmarks are met. The guidelines call for the economy to be reopened in three phases but don't suggest specific reopening dates. President Donald Trump said there are as many as 29 states that meet the criteria for reopening soon. Final reopening decisions will fall to each state's governor. Also on Thursday, hard-hit New York State announced that it had extended its stay-at-home order until at least May 15th. In Germany, Chancellor Angela Merkel announced that small shops will be allowed to open next week while schools will begin to reopen in early May. Strict social distancing rules are being kept in place for now. Major gatherings won't be permitted through August 31st. However, Japan said the area covered by its state of emergency, which previously applied to seven prefectures, would be expanded to cover the whole nation as new coronavirus cases continued to rise. Prime Minister Shinzo Abe said he is seeking to minimize the movement of people during the upcoming Golden Week holidays. The measures will run through May 6th.

## **Investors look ahead**

The scale of the economic devastation produced by steps taken to slow the spread of the coronavirus is coming into sharper focus as more economic data are released. China reported its first quarterly drop in economic growth since it began reporting data quarterly in 1992. The country's gross domestic product declined by 6.8% in the first quarter compared with the same quarter a year ago. If reported on a quarter-over-quarter and seasonally adjusted annual rate as it is the United States, the decline would have approached 40%. The International Monetary Fund released a revised outlook for 2020 global GDP this week, forecasting a 3% drop in global growth, a much deeper contraction than the 0.1% decline that followed the global financial crisis just over ten years. US retail sales fell a record 8.7%, a reading taken before many stay-at-home orders were issued. Also, the United States saw another 5.25 million claims for unemployment benefits filed this past week, bringing the four-week total to around 22 million. Despite the grim data, investors mostly looked ahead. Fast action by monetary and fiscal policymakers has been supportive of markets. Reports indicate that the fiscal response thus far equates to roughly 10% of global GDP. Investors were cheered by a report that the antiviral medication, remdesivir has shown promising results when administered to patients with very severe cases of COVID-19, though some cautioned

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that the results were not part of a traditional clinical trial. Some suspect the global economy will not fully recover until effective medicines to treat the illness or a vaccine to protect against it becomes available.

## US small-business program runs out

The \$350 billion Paycheck Protection Program, designed to keep small businesses afloat by using forgivable loans if small companies keep their employees on the payroll, ran out of funds this week as lawmakers failed to reach an agreement on the additional \$250 billion funding program. In return for the additional funding, Democratic leaders are seeking more aid for hospitals and state and local governments. Republicans argue that the billions of dollars' worth of funding are already being disbursed to those businesses and that additional funding can wait until a phase four stimulus package is established in the weeks

ahead.

## HEADLINERS

London British Prime Minister Boris Johnson was discharged from the hospital this week and now at home recovering from COVID-19.

The Trump administration has temporarily ceased to fund the World Health Organization amid a review of the organization's handling of the early stages of the coronavirus outbreak in China.

US airlines and the White House have agreed on the terms of \$25 billion in aid for the industry. The funds are to be used to maintain payrolls and will be provided through a combination of direct grants and loans. The airlines are barred from repurchasing shares until the end of September 2021 and from raising executive pay until the end of March 2022.

## MAJOR STOCK MOVES

Shares of Gilead rose 9.7%.

Apple Inc. AAPL shares fell 1.4% after Goldman Sachs analysts downgraded the stock to sell on Friday and cut its price target to \$233 from \$250, as it reduced its earnings estimates for a third time since February 17th.

Shares of Boeing Co. BA which tumbled 8%

Thursday, jumped more than 14.7% after the aeronautics manufacturer and defense contractor said it would resume making planes. The company has been under crushing pressure due to the coronavirus outbreak and the grounding of its 737 Max fleet.

Procter & Gamble Co. PG shares rose 2.6% in Friday trade after the consumer goods company reported fiscal third-quarter earnings that beat expectations.



Do you have questions about your stimulus check, the CARES Act, recession, SBA loans, finances, the market or the economy?

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## THE WEEK AHEAD

- Next week will bring a slew of notable earnings, including the likes of blue chips Visa (V), IBM (IBM), Intel (INTC), Coca-Cola (KO), and American Express (AXP).
- Netflix (NFLX) and Snap (SNAP) will also step into the earnings confessional, while weekly jobless claims will remain in focus as Wall Street closely follows the economic fallout of COVID-19.
- Until then, be sure to brush up on our recent take on levels of resistance you should watch as stocks rebound, and a contrarian approach to breaking down sector performance.



### SHOULD YOU TAP RETIREMENT SAVINGS TO FUND COLLEGE?

There are [three things to consider](#) before dipping into retirement savings to pay for college.

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