US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	0.193 (13.5 bps)	GNMA (30 Yr) 6% Coupon:	111-13/32 (2.55%)
6 Mo. T-Bill:	0.224 (8.9 bps)	Duration:	3.73 years
1 Yr. T-Bill:	0.198 (6.9 bps)	Bond Buyer 40 Yield:	3.74 (-15 bps)
2 Yr. T-Note:	0.225 (-0.3 bps)	Crude Oil Futures:	22.76 (-5.58)
3 Yr. T-Note:	0.294 (-0.5 bps)	Gold Spot:	1,683.73 (62.92)
5 Yr. T-Note:	0.405 (2.0 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	0.719 (12.4 bps)	U.S. High Yield:	8.67 (-123 bps)
30 Yr. T-Bond:	1.344 (13.4 bps)	BB:	6.42 (-114 bps)
		B:	9.78 (-128 bps)

The Federal Reserve took massive action last week to limit the damage to the U.S. economy as the impact of the coronavirus continued to be revealed. Initial jobless claims soared for the third consecutive week, with over 6.6 million Americans applying for unemployment benefits the week ending April 4, above the expected 5.5 million. The prior week's claims were revised higher to 6.9 million, bringing the total number of initial claims since broad economic shutdown measures were put in place to about 17 million. Continued claims, which measures the number of people receiving unemployment benefits, reached 7.5 million during the week ending March 28, breaking the record set in 2009 during the financial crisis. Additionally, the University of Michigan's Consumer Sentiment Index recorded the largest drop in the survey's history. The Fed announced sweeping moves on Thursday that would inject as much as $2.3 trillion into the economy, including loans to small and mid-sized businesses as well as to cities and states. The Fed also said it would expand a corporate credit backstop to include companies that have been downgraded to certain levels below investment grade since March 22, prompting a corporate bond rally. Fed Chairman Jerome Powell said the Fed "will continue to use these powers forcefully, proactively, and aggressively until we are confident that we are solidly on the road to recovery." Major economic reports (related consensus forecasts, prior data) for the upcoming week include Wednesday: April 10 MBA Mortgage Applications (N/A, -17.9%), March Retail Sales Advance MoM (-7.0%, -0.5%), March Industrial Production MoM (-4.0%, 0.6%), April Empire Manufacturing (-30.0, -21.5); Thursday: April 11 Initial Jobless Claims (N/A, 6,606k), March Housing Starts (1,317k, 1,599k); Friday: March Leading Index (-7.0%, 0.1%).

US Equities

Weekly Index Performance:			Market Indicators:	
DJIA:	23,719.37	(12.69%)	Strong Sectors:	Real Estate, Materials, Financials
S&P 500:	2,789.82	(12.14%)		
S&P Midcap:	1,586.37	(18.59%)	Weak Sectors:	Consumer Staples, Health Care, Communication Services
S&P Smallcap:	743.23	(19.47%)		
NASDAQ Comp:	8,153.58	(10.59%)	NYSE Advance/Decline:	2,919 / 139
Russell 2000:	1,246.73	(18.53%)	NYSE New Highs/New Lows:	21 / 42
			AAII Bulls/Bears:	36.6% / 44.7%

Positive moves in the S&P 500 pushed the index back to mid March levels. All but 10 stocks in the index had positive returns last week with the index posting its biggest weekly gain since 1974. Retailers and cruise liners, previously thought to be relics of the past, were some of the best performing stocks coming off rock bottom prices. **Kohl's** rallied over 70% after investors flocked to the company's strong balance sheet and strategic position versus its peers. **Royal Caribbean** and **Norwegian Cruise Lines** were also top performers, but their earnings are in peril after the Center for Disease Control extended the "no sail order" for at least 100 days. Currently there are about 100 ships scattered off US coasts. Around the country, state governments are coping with the rush of unemployment claims stemming from the coronavirus disruption. To combat an even greater economic slowdown, the Federal Reserve pledged to provide support of up to $2.3 trillion in loans to various institutions including small and mid-sized businesses and state and local governments. This fresh round of available funds is on top of the record stimulus the Fed has provided to dam the flood of the virus impact. Outside the US, the International Monetary Fund has moved to grant access to emergency financing to half of its 189 member countries currently seeking aid. The IMF is ready to use its $1 trillion of lending power if the global crisis continues longer than expected or a second wave of the disease resurfaces later in the year. Oil prices have fallen by half this year as the combination of the virus and price war saw producers flood the market with crude. On Thursday, Saudi Arabia and Russia agreed to slash their output with other OPEC members resulting in prices stabilizing in the oil market. The drop in prices had threatened oil linked countries economic foothold and oil company spending in the face of uncertainty. Next week, 34 companies in the S&P 500 report quarterly earnings. Next week, investors will look to the big banks such as **JPMorgan Chase & Co** and **Bank of America** and the health care sector's **United Health** and **Johnson & Johnson** to gauge the impact of COVID-19 on corporate earnings during the first quarter.