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FINANCIAL MARKET UPDATE
3/20/20

THE WEEK IN REVIEW

Major U.S. equity indexes were pushed sharply lower this week amid escalating concerns surrounding the public health response to the spread of COVID-19 and the subsequent economic fallout. Increases of both confirmed COVID-19 cases and related deaths in the hardest hit European nations, and a surge in U.S. confirmed cases amplified negative sentiment. Many U.S. public health officials have asserted that increases in domestic cases are related to a ramp-up in testing capability. Driven by pressure in the industrials, financial and energy sectors, the S&P 500 Index declined 15.0% this week to record one of its worst weekly losses since the 2008-2009 global financial crisis. The Dow Jones Industrial Average shed over 4,000 points, translating to a 17.3% weekly loss. In commodity markets, U.S. crude oil prices fell on Wednesday to an 18-year closing low of $20.37 per barrel. Meanwhile, yields on the 10-year U.S. Treasury bond traded in a wide range between 0.62% and 1.27% before settling around 0.87% in late trading today.

Crisis-era actions by the U.S. Federal Reserve and accelerated plans for large scale fiscal stimulus dominated headlines this week. Over the weekend, Fed policymakers implemented an emergency 1.00% cut, reducing its policy rate to a range of 0.00% - 0.25% and announced plans to purchase $700 billion of Treasury and Agency bonds. Later in the week, it announced a resumption of its Commercial Paper Funding Facility to provide short-term loans to companies to continue operations. This proved to be an important financial market backstop from 2007 to 2009. In recent days, the Fed also enhanced U.S. dollar liquidity to other major global central banks to help ease dollar funding stress. Finally, this morning, policymakers announced an unprecedented extension of central bank liquidity support to the short-term municipal debt market.

On Capitol Hill, legislators have been holding accelerated negotiations to rush relief to American families and businesses in the form of large-scale spending bills. Notably, there has been $105 billion worth of approved funding in the Families First Coronavirus Response Act providing paid sick leave, free coronavirus testing, and expanding food assistance and unemployment benefits. The Trump administration and legislators have suggested that a follow-up package could total up to $1.3 trillion of relief and include a mix of direct cash payments to Americans, a payroll tax cut, and significant emergency loans to help stabilize key industries.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Existing Home Sales (Millions Annualized)	5.77	5.32	▲
Housing Starts (Millions Annualized)	1.60	1.38	▲
Building Permits (Millions Annualized)	1.46	1.47	▼
JOLTS Job Openings (Millions)	6.96	7.31	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	19173.98	-17.30%	-32.81%	-25.53%
NASDAQ	6879.52	-12.64%	-23.33%	-10.99%
S&P 500	2304.92	-14.98%	-28.66%	-18.39%
MSCI EAFE	1382.01	-6.64%	-32.15%	-27.13%
Bbg Barclays Aggregate US	2211.31	-2.91%	-0.62%	5.85%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	-0.02%	1.57%	2.45%
10-Year Treasury	0.87%	1.52%	2.53%

REPORTS DUE NEXT WEEK	LATEST
New Home Sales (Thousands Annualized)	764
U. of Mich. Consumer Sentiment	95.9
Initial Jobless Claims (Thousands)	281
Markit US Services PMI	49.4

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.