

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.

to the

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.

MainStreet Investment Advisors, LLC is an investment adviser registered with the Securities and Exchange Commission and a wholly-owned subsidiary of Fifth Third Bank, National Association. Opinions herein are as of the publication date and are subject to change without notice. This report may include "forward-looking statements" which may or may not be accurate over the long term. The week is calculated beginning with Monday's market open. Report includes candid statements and observations regarding investment strategies, asset allocation, individual securities, and economic and market conditions. Statements, opinions or forecasts are not guaranteed. Do not place undue reliance on forward-looking statements. Actual results could differ materially from those described. This material is not intended to be used as a general guide to investing, or as a source of any specific investment recommendations, and makes no implied or express recommendations concerning the manner in which any client's account should or would be handled, as appropriate investment strategies depend upon the client's investment objectives. The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy/sell any security or instrument or to participate in any trading strategy. Indexes and sector statistics are unmanaged and are a common measure of performance of their respective asset classes. Indexes are not available for direct investment. Past performance is not indicative of future results. The value of investments and the income derived from investments can go down as well as up. Future returns are not guaranteed, and a loss of principal may occur. Investing for short periods may make losses more likely. Not a deposit, not FDIC insured, may lose value, not bank guaranteed, not insured by any federal government agency.