

THE WEEK IN REVIEW

The U.S. equity market extended its rally this holiday-shortened week, as sentiment was boosted by increasing optimism surrounding the easing of lockdown measures and progress toward an eventual COVID-19 vaccine. For the first time since early March, the S&P 500 moved above 3,000 and the Dow Jones Industrial Average eclipsed 25,000. Unlike much of the current rally, the most economically sensitive parts of the market including the financial, industrial, real estate and materials sectors were the best performing groups in the S&P 500 this week. Yields on the 10-year U.S. Treasury bond traded in a narrow range between 0.65% and 0.70% for most of the week, while the U.S. crude oil July futures contract traded above \$35.00 per barrel in late trading today after closing at \$33.25 last Friday.

Increased tensions between the U.S. and China tempered this week's positive tone following Secretary of State Mike Pompeo's Wednesday statement that Hong Kong will no longer be considered separate from China under U.S. law. This was seen as a response to an expectation that the Chinese government would approve a proposal for a national security law which would strip Hong Kong of its partial autonomy and expand Beijing's power over the province.

Weekly initial jobless claims maintained their downtrend since peaking in late March, with claims falling to 2,123,000 for the week ending May 23, versus 2,446,000 the previous week. This was the lowest number of Americans to file weekly unemployment benefits since containment measures were implemented. While cumulative unemployment claims over the last two-and-a-half months have surpassed 40 million, continuing claims showed signs that U.S. workers are beginning to return to their jobs after falling to 21.1 million from 24.9 million the prior week. Next week's employment report for May will likely show a more complete picture of the COVID-19 pandemic's impact on the labor market.

Gradual reopening of some parts of the U.S. economy in May helped spur consumer's confidence after consecutive months of rapid declines. The Conference Board Consumer Confidence index increased to 86.6 in May, up slightly from 85.7 in April. Short-term expectations were moderately more optimistic than consumers' assessment of current conditions, with the labor market outlook remaining mixed. An uncertain path to economic recovery and a potential second wave of the virus would likely be the strongest headwinds to a further rebound in the confidence of American consumers.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
New Home Sales (Thousands Annualized)	623	774	▼
GDP (Q/Q Annualized)	-5.0%	2.1%	▼
Conf. Board Consumer Confidence	86.6	132.6	▼
Initial Jobless Claims (Thousands)	2123	220	▲
U. of Mich. Consumer Sentiment	72.3	101.0	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	25383.11	3.75%	-11.06%	1.02%
NASDAQ	9489.87	1.77%	5.76%	25.74%
S&P 500	3044.31	3.01%	-5.77%	9.39%
MSCI EAFE	1743.06	6.18%	-14.43%	-4.66%
Bbg Barclays Aggregate US	2339.31	-0.09%	5.14%	9.64%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.13%	0.08%	2.35%
10-Year Treasury	0.65%	0.63%	2.26%

REPORTS DUE NEXT WEEK	LATEST
Non-Farm Payrolls	-20,537,000
Unemployment Rate	14.7%
ISM Manufacturing	41.5
ISM Non-Manufacturing	41.8
Durable Goods Orders	-17.2%

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