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FINANCIAL MARKET UPDATE
6/26/20

THE WEEK IN REVIEW

Domestic stock markets declined this week as U.S. health officials reported recent surges of COVID-19 cases in many states headlined by Texas, California and Florida. In recent days, many state governors have begun to pause or roll back economic re-openings in an effort to flatten the infection curve. New York, New Jersey and Connecticut imposed a 14-day quarantine on visitors from COVID-19 hotspot states. The S&P 500 fell 2.9% to a two-week low, while the Dow Jones Industrial Average declined 856 points, or 3.3%. Amid the risk-off tone, yields on the 10-year U.S. Treasury bond declined 0.05% to close the week at 0.64%. In commodity markets, U.S. crude oil futures slid 4.0% while gold futures recorded their third straight weekly increase to finish the week at their highest levels in nearly eight years.

The University of Michigan's Consumer Sentiment Index rose for the second straight month to 78.1 after bottoming out at 71.8 in April. The slow improvement in the index since April indicates that over the last few months consumers appear to be gradually increasing their optimism that the U.S. economy can recover in coming quarters. U.S. consumer spending rebounded by the most on record last month, but that spending is not likely to be sustained, as income dropped and is expected to decline further as millions of workers could lose expanded unemployment insurance payments by the end of July. The Commerce Department said consumer spending, which accounts for more than two-thirds of U.S. economic activity, jumped 8.2%, the largest increase since the government started tracking the series in 1959. Americans stepped up their spending in May despite a 4.2% decline in personal income, which had soared by 10.8% the previous month.

U.S. existing home sales, which are recorded at closing, plunged 9.7% in May. This marked the third straight monthly decline and offered evidence of the challenges COVID-19 has presented to the housing market. The National Association of Realtors said that the monthly decline pushed sales down to a seasonally adjusted annual rate of 3.91 million units, the slowest pace since a homebuyers tax credit expired in October 2010. Meanwhile, U.S. Census Bureau data indicated that sales of new single-family homes, which are recorded at signing, jumped 16.6% in May from April, to a seasonally adjusted annualized pace of 676,000. May sales were nearly 13% higher than a year ago as record-low mortgage rates have helped fuel the rebound with new properties being in high demand.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Existing Home Sales (Millions Annualized)	3.910	5.760	▼
New Home Sales (Thousands Annualized)	676.000	716.000	▼
Durable Goods Orders	15.8%	2.0%	▲
GDP (Q/Q Annualized)	-5.0%	2.1%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	25015.55	-3.31%	-12.34%	-5.73%
NASDAQ	9757.22	-1.90%	8.74%	23.35%
S&P 500	3009.02	-2.86%	-6.86%	3.27%
MSCI EAFE	1780.69	-1.28%	-12.58%	-6.65%
Bbg Barclays Aggregate US	2357.01	0.01%	5.93%	8.89%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.13%	0.12%	2.14%
10-Year Treasury	0.64%	0.70%	2.05%

REPORTS DUE NEXT WEEK	LATEST
S&P CoreLogic Case-Shiller U.S. HPI (Y/Y)	4.4%
Conf. Board Consumer Confidence	86.6
ISM Manufacturing	43.1
Non-Farm Payrolls	2,509,000

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