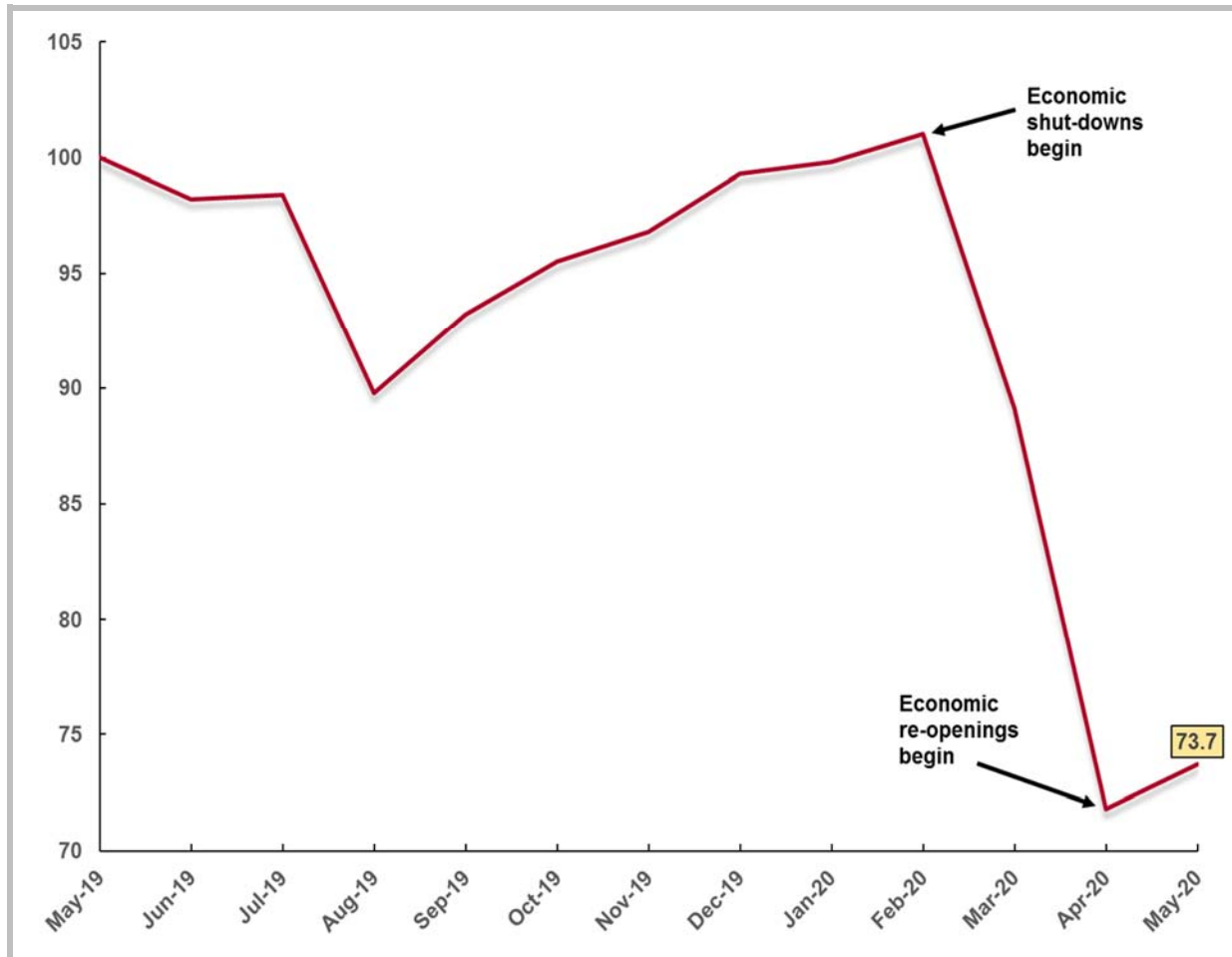


Weekly Market Update

May 29, 2020

Chart of the Week: Consumer Confidence



The response to slow the spread of the virus responsible for COVID-19 has resulted in economic data showing declines unlike anything seen since the Great Depression. In addition to concrete economic measures, including manufacturing output, retail sales, and inflation, most measures of sentiment, such as consumer confidence, also showed significant declines.

Consumer confidence is important as roughly 70% of U.S. gross domestic product, GDP, is based upon consumer spending. As shown in this week's chart, consumer confidence began a steep decline as states and localities began taking measures to slow the spread of the virus. Importantly however, we are also beginning to see improvement in consumer confidence as the economy begins to re-open.

Confident consumers are more willing to spend, thus improving measures of consumer confidence will add to our outlook for a more robust economic recovery.

Source: Federal Reserve Bank of St. Louis

Commentary for Week Ending May 29, 2020

Domestic Equities

- U.S. equities closed another positive month on Friday. Since March 31, the S&P 500 Index is up about 17%. Growth has outpaced value by about 5%, but value has outperformed over the past week. Small and mid-caps are up over 20% for the quarter, outperforming large caps.
- Investors have been increasingly optimistic as businesses across the country begin to reopen and people return to work. Data released Friday showed that consumer spending declined by a record 13.6% in April, but there are signs that purchasing is starting to pick up again.
- U.S./China trade tensions weighed on sentiment late in the week. Beijing's moves to clamp down on anti-government protests in Hong Kong by imposing national security laws prompted concern that the U.S. could declare that the city is no longer autonomous from China, and should be subject to the same tariffs.

Bonds

- The spread between long and short-term interest rates widened, causing the Treasury curve to steepen. The move in rates occurred as the Fed discussed the possibility of capping rates through "Yield Curve Control" policy measures. Markets anticipate the Fed's bond purchases would be focused on capping the 10-year rate, leading to increased supply on the long end and causing rates to rise.
- High yield bonds continued to recover with tighter option-adjusted spreads across all sectors. The lower CCC-rated sector ended the month returning 5.8%, its best monthly performance since 2016. Investment grade corporates underperformed the riskier junk markets, but outperformed the broad investment grade market.
- Outside the U.S., the rally in risk assets and the weaker dollar benefited the higher yielding emerging market bonds, which was the best performing sector during the week. A rally in the Argentine peso also contributed to returns, with the country inching closer to terms with creditors on their outstanding debt.

International Equities

- Foreign stocks rose over 3% for the week as investors largely shrugged off the escalating tensions between the U.S. and China. Investor sentiment is improving but tenuous as many economies are gradually reopening amid mounting signs that coronavirus infection rates are slowly moderating.
- Foreign developed market stocks appreciated for the week, led by European stocks which gained about 6%. The European Commission announced a potential 750 billion euro package of joint debt issuance, which helped bolster market sentiment and stirred hopes of a more unified Europe to tackle the economic challenges faced by the euro block countries.
- Emerging market stocks also moved higher over the week. Markets in Latin America surged despite sharply rising coronavirus cases in Mexico and Brazil. South Korean stocks rallied over 3% as The Bank of Korea cut its key interest rate to a record low on Thursday. Central banks across Asia continue to add stimulus to cushion many export-oriented economies from the precipitous drop in global demand.

Economics

- The Department of Labor reported weekly initial unemployment claims, unadjusted for seasonality, were 1.914 million, a decrease of -266k from the previous week.
- The Bureau of Economic Analysis Personal Income and Outlays: April 2020 report indicated personal income was \$1.97 trillion (+10.5%), and personal consumption expenditures were \$1.89 trillion (-13.6%). The BEA noted, "the increase in personal income in April primarily reflected an increase in government social benefits to persons as payments were made to individuals from federal economic recovery programs in response to the COVID-19 pandemic."
- The University of Michigan's Index of Consumer Sentiment increased slightly in May to 72.3 (+0.7%).
- The National Association of Realtors Pending Home Sales Index fell to 69.0 (-21.8%) in April. (An index of 100 is equal to the level of contract activity in 2001.)

Weekly Market Update

For Week Ending May 29, 2020

Markets

	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	25,383.11	3.8%	-10.1%	4.8%
S&P 500 Index	3,044.31	3.0%	-5.0%	12.8%
NASDAQ	9,489.87	1.8%	6.3%	28.8%
S&P 400 Midcap Index	1,763.95	4.1%	-13.9%	-0.8%
S&P 600 Smallcap Index	803.11	3.6%	-20.8%	-8.1%
MSCI EAFE	5,500.08	3.6%	-14.3%	-2.8%
MSCI Emerging Markets	443.35	2.1%	-16.0%	-4.4%
Bloomberg Barclays US Agg	2,346.72	0.2%	5.5%	9.4%
Bloomberg Barclays Muni 5 Yr	480.52	0.3%	1.7%	3.8%
Bloomberg Barclays US Corporate	3,337.67	0.7%	3.0%	10.0%
Bloomberg Barclays Global ex US	574.86	0.1%	1.9%	5.2%
Bloomberg Barclays High Yield	2,079.50	1.8%	-4.7%	1.3%
MSCI US REIT Index	997.11	4.6%	-20.8%	-14.3%
Bloomberg Commodity Index	135.54	1.3%	-21.2%	-17.1%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	0.25%	0.25%	1.75%	2.50%
3-Month Treasury	0.12%	0.11%	1.54%	2.35%
1-Year Treasury	0.16%	0.15%	1.57%	2.30%
2-Year Treasury	0.16%	0.17%	1.57%	2.11%
5-Year Treasury	0.30%	0.33%	1.69%	2.07%
7-Year Treasury	0.50%	0.50%	1.83%	2.16%
10-Year Treasury	0.65%	0.66%	1.92%	2.26%
30-Year Treasury	1.41%	1.37%	2.39%	2.69%

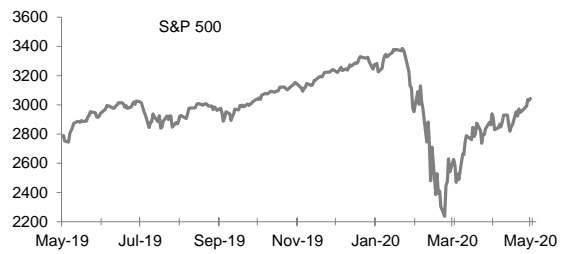
Consumer Rates				
1-Year CD	0.32%	0.41%	1.91%	2.56%
30-Year Mortgage	3.52%	3.58%	3.86%	4.01%
Prime Rate	3.25%	3.25%	4.75%	5.50%
3-Month LIBOR	0.35%	0.36%	1.91%	2.52%

Commodities				
Gold	1,730.27	1,734.68	1,517.27	1,279.78
Crude Oil (WTI)	35.49	33.92	58.87	57.03
Gasoline	2.05	1.97	2.66	2.91
Natural Gas	1.85	1.85	2.30	2.60

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	23.16	18.82	3.64	2.48
S&P 500	24.30	21.18	3.45	1.95
S&P 500 Value	19.98	16.00	2.02	2.98
S&P 500 Growth	28.77	27.61	7.01	1.20
NASDAQ	29.69	18.09	3.06	2.47
S&P Midcap 400	27.45	19.93	1.97	1.74
S&P Smallcap 600	37.98	26.43	1.57	1.62
MSCI EAFE	18.33	19.35	1.43	3.14
MSCI Emerging Markets	14.63	14.55	1.46	2.83

Source: Bloomberg

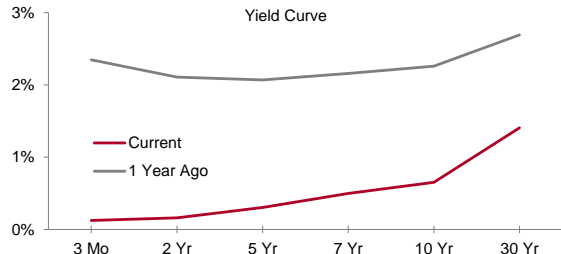
Equity Style



1 Month*			Year to Date*		
Value	Core	Growth	Value	Core	Growth
Large					
6.27	7.78	8.92	-14.71	-4.97	3.67
Mid					
9.42	11.08	12.39	-21.86	-13.86	-6.50
Small					
7.12	8.69	10.01	-27.14	-20.82	-14.79

*S&P Indices

Fixed Income Style



1 Month*			Year to Date*		
Short	Interm.	Long	Short	Interm.	Long
Govt					
0.08	0.18	-1.82	2.98	5.66	20.80
Corp					
1.09	2.10	1.12	1.78	2.59	3.72
HY					
2.85	4.35	5.13	-7.00	-5.09	0.80

*Bloomberg Barclays Indices.

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	0.3%	2.0%
CPI Core Inflation	1.4%	2.1%
Personal Consumption Exp (PCE) Core	1.0%	1.6%

Jobs		
Unemployment Rate (U3)	14.7%	3.6%
Broader Unemployment Rate (U6)	22.8%	7.3%
JOLT Survey (in millions)	6.19	7.36
Jobless Claims (000's)	2123	218
Change in Non-Farm Payroll (000's)	-20537	210
Average Hourly Earnings (Y/Y % Change)	7.9%	3.3%

Consumer & Spending		
Consumer Confidence (Conf Board)	86.6	131.3
Consumer Spending (\$ Bil)	12,013	14,453
Consumer Credit (\$ Bil)	4,209	4,056
Retail Sales (\$ Bil)	404	515

Housing		
Housing Starts (000's)	891	1,267
Case-Shiller Home Price Index	214.96	205.99

U.S. Productivity		
Real Gross Domestic Product (\$ Bil)	18,975	18,927
Quarter over Quarter Change	-5.0%	3.1%
Year Over Year Change	0.2%	2.7%
ISM Manufacturing	41.50	53.40
Capacity Utilization	64.89	77.76
Markit US Composite PMI	36.40	50.90

U.S. General		
Leading Economic Indicators	98.8	111.6
Trade Weighted Dollar Index	90.8	91.8
EUR / USD	1.11	1.11
JPY / USD	107.83	109.59
CAD / USD	0.73	0.74
AUD / USD	0.67	0.69

S&P 500 Sector Returns

	1 Month	YTD
Information Technology	10.25%	7.29%
Consumer Discretionary	10.05%	2.13%
Health Care	5.48%	1.61%
Communication Services	7.69%	0.21%
Consumer Staples	2.73%	-5.34%
Utilities	7.10%	-6.71%
Materials	9.35%	-8.89%
Real Estate	5.33%	-9.86%
Industrials	8.75%	-16.30%
Financials	6.20%	-23.40%
Energy	8.30%	-34.49%

Source: Bloomberg

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