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| **RESOURCE LOG – May 2020** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
| Virus’s Economic Pain Deepens | The eurozone’s gross domestic product fell 3.8% versus the final three months of 2019, according to date released Thursday, as measures imposed to limit the pandemic’s spread stalled everything from florists and restaurants to factories.  The economy shrank by 14.4% on an annual basis, far exceeding the 4.8% contraction in the U.S. economy over the period. That largely reflects Europe’s earlier and broader lockdown.  Indeed, economists expect to see an even sharper fall in the eurozone during the second quarter. Ms. Lagarde said the three-month drop through June could be almost four times as large.  Even as economies begin to reopen, the continued disruption is cascading through Western societies. | The Wall Street Journal | 05/01/2020 | Paul Hannon |
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| Virus’s Economic Pain Deepens  *U.S. Jobless Claims Top 30 Million, As Spending, Personal Income Drop* | Nearly four million people filed for unemployment benefits last week, bringing total claims to more than 30 million…  The latest weekly report on U.S. jobless claims showed 12.4% of the U.S. workforce was covered by unemployment benefits in the April 18 week, a record dating back to the early 1970s.  People also cut back on spending by 7.5% in March, the biggest monthly decline on record back to 1959, and personal income fell by 2%, the largest decrease since 2013. | The Wall Street Journal | 05/01/2020 | Sarah Chaney and Kate King |
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| U.S. Auto Sales Plunged in April | Several major auto makers said April was one of their worst sales months in decades, but many dealers and executives also reported signs of optimism as potential buyers begin to emerge from coronavirus lockdowns.  Hyundai Motor Co. on Friday reported a 39% drop in U.S. sales last month, while sales for Mazda Motor Corp. declined 44% from the year-ago period.  Toyota Motor Corp said U.S. sales dropped 54% in April, due largely to the brand’s popularity on the east and west coasts…  Industrywide, analysts estimate U.S. auto sales fell more than 50% last month over the prior year…  With in-person sales prohibited or restricted in 27 states over the course of the month, auto makers and dealers relied heavily on online sales, deep discounts and cheap financing to help cushion the blow. | The Wall Street Journal | 05/02-03/2020 | Ben Foldy |
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| Dismal Outlook For Oil Squeezes Industry  *Exxon, posting its first loss in decades, sets cuts in budget, output; Chevron tightens belt* | Exxon Chief Executive Darren Woods said Friday the global economic shutdown is putting unprecedented pressure on oil prices. The largest U.S. oil company has cut $10 billion from its planned capital expenditures in 2020, a 30% budget cut  Major oil companies have moved quickly to reduce budgets and production levels as the coronavirus spread globally, gutting demand and sending crude prices plummeting.  The size of the production cuts for each company could have huge consequences, as those that don’t have to cut as much could be better positioned to capture rising oil demand as the virus subsides…  While the first-quarter results were painful for the companies, many analysts believe the next quarter could be even worse. | The Wall Street Journal | 05/02-03/2020 | Christopher M. Matthews |
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| Stocks Drop Sharply As Tech Loses Glow  *Major indexes declined for second week in a row; Amazon, Apple and Tesla ended lower on Friday* | The technology heavyweights that powered the recent market rebound stumbled Friday, dragging down the broader stock market.  One of the biggest warning signs for investors: the tech giants that appeared almost untouchable even during a global pandemic showed signs of faltering as their quarterly results streamed in.  Major U.S. indexes fell for the second consecutive week. The S&P 500 dropped 81.72 points, or 2.8% to 2830.71 on Friday as losses accelerated midday. The Dow Jones Industrial Average shed 622.03 points, or 2.6% to 23723.69. The tech-heavy Nasdaq Composite lost 284.60 points, or 3.2%, to 8604.95…  Adding to the sting, tech heavy-weights have led markets higher in recent weeks, helping major indexes recover from their March lows and pushing them toward historic gains in April.  Earlier in the week, the Federal Reserve warned of greater economic deterioration ahead but said it would use its tools to support the economy. | The Wall Street Journal | 05/02-03/2020 | Gunjan Banerji, Avantika Chilkoti and Stuart Condie |
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| As Stocks Rally, Investors Seek Market Cues | In ordinary times, many investors consider earnings projections a critical factor in determining what shares are worth and look to forecasts for metrics such as gross domestic product to gauge the health of the economy.  Now, as the pandemic disrupts industries from travel to manufacturing to retail, the only consensus is that those measures are doomed to fall.  Even, so stocks continue to rally, with the S&P 500 up 27% from its March low. Money managers attribute much of the bounce to stimulus from the Federal Reserve, gut the disconnect between rising stock prices and a lack of visibility on the economy has lent an unsettled tome to the rally.  “We’re flying in the dark here”, said Ted Chang, a portfolio manager at Thornburg Investment Management, which has $38 billion in assets under management.  Meanwhile, more than 160 companies in the S&P 500 – from Target Corp. to Harley-Davidson Inc. to Molson Coors Beverage Co. – have withdrawn or suspended their financial guidance, according to Wells Fargo Securities. | The Wall Street Journal | 05/04/2020 | Karen Langley and Caitlin Ostroff |
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| Lobbyists Step Up Their Bid To Sway Virus Aid | In a series of rapid fire moves by Congress and the Trump administration to combat the virus and economic fallout, Washington has pumped trillions of dollars into the economy in direct grants, loan guarantees and other actions to help workers and companies.  But there is increasing resistance in the Republican-controlled Senate to passing further aid packages… | The Wall Street Journal | 05/04/2020 | Ted Mann and Brody Mullins |
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| Stocks Eke Out Gain, but Buffett Talk Casts a Pall | Stocks ended slightly higher, rebounding from an initial fall after Warren Buffett spoke candidly about his concern for the market.  The Dow Jones Industrial Average added 26.07 points, or 0.1%, to 23749.76. The S&P 500 gained 12.03 points, or 0.4%, to 2842.74. The Nasdaq Composite rose 105.77 points, or 1.2%, to 8710.71. The Dow industrials had been down as many as 363 points in the morning.  Stocks pared their losses late in the day following a rally in the oil market. U.S. crude-oil futures for delivery in June rose 3.1% to $20.39 a barrel…  The Trump administration stepped up assertions that the new coronavirus originated at a laboratory in the Chinese city of Wuhan…  More than the accusations themselves, investors are taking the increase in tensions seriously, said Sebastien Galy, a macro strategist at Nordea Asset Management.  “the last escalation was pretty detrimental for equity markets,” he said, referring to the selloff in mid-2019 at the height of the U.S.-China trade war. “A de-escalation process can take weeks.” | The Wall Street Journal | 05/05/2020 | Paul Vigna and Joanne Chiu |
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| Treasury Projects Massive Increase In Debt  *U.S. set to borrow record $4.5 trillion this fiscal year; so far, investors are unfazed* | The anticipated new debt for the year ended Sept. 30 is more than triple last year’s $1.28 trillion.  As a share of gross domestic product, the roughly $3.6 trillion of emergency spending Congress has authorized in the past six weeks is about what it spent over five years during and after the 2008-09 recession, according to the Committee for a Responsible Federal Budget.  The nonpartisan Congressional Budget Office projects an annual deficit equal to 18% of GDP, the highest since the end of World War II and nearly four times what it was in 2019.  That would push the national debt to 101% of GDP, also the highest since the end of World War II.  The CBO projects the economy is likely to shrink 12% in the second quarter, and the jobless rate will average 14%, pushing the U.S. budget gap to $3.7 trillion by the end of the fiscal year. | The Wall Street Journal | 05/05/2020 | Kate Davidson |
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| Oil Extends Rally With 20% Gain | Futures that will deliver U.S. crude in June gained 20% to $24.56 a barrel, climbing for the fifth consecutive session.  Recent gains have paused a weekslong crash that was mainly driven by worries about North America’s main hub for oil storage running out of space. On April 20, U.S. crude futures for delivery the following month fell below $0 a barrel for the first time in history, effectively meaning holders were paying buyers to take crude off their hands.  Brent crude, the benchmark for international energy markets, rose 14% to a three-week high of $30.97 a barrel Tuesday.  An agreement to limit output among members of the Organization of the Petroleum Exporting Countries and Group of 20 nations, including Russia, kicked in on May 1. Low prices have prompted producers in the U.S., Norway and elsewhere to pump less oil.  The gap between spot prices for U.S. crude, or what it costs to buy a barrel of oil today, compared with the price of futures contracts, which are based on prices down the road, has narrowed after a dramatic widening in April.  “the problem of storing WTI hasn’t gone away and it will get worse over the next few weeks,” said Caroline Bain, commodities economist at Capital Economies. “I don’t think we’re out of the woods yet.” | The Wall Street Journal | 05/06/2020 | David Hodari |
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| Yields Rise Before Financing Details | U.S. government-bond yields rose ahead of the Treasury Department’s announcement about how it will finance burgeoning deficits as the coronavirus pandemic upends the U.S. fiscal outlook.  The yield on the benchmark 10-year Treasury note climbed to 0.656% …  The yield on the 30-year bond increased to 1.33%... | The Wall Street Journal | 05/06/2020 | Julia-Ambra Verlaine |
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| Virus Widens Rift Between U.S., China | The Trump administration has moved to involve much of the U.S. government in a campaign that includes investigations, prosecutions and export restrictions. Nearly every cabinet and cabinet-level official either has adopted adversarial positions or jettisoned past cooperative programs with Beijing, an analysis of their policies showed.  Chinese officials, for their part, are following through on President Xi Jinping’s call last fall to resist anything they perceive as standing in the way of China’s rise. | The Wall Street Journal | 05/07/2020 | Kate O’Keefe, Michael C. Bender and Chun Han Wong |
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| What’s News | ♦ The eurozone economy will suffer “a recession of historic proportions” this year because of the pandemic, EU officials predicted. | The Wall Street Journal | 05/07/2020 |  |
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| Jobless Ranks Grow by 3 Million  *U.S. braces for what is expected Friday to be worst employment report on record* | U.S. workers have filed nearly 33.5 million applications for unemployment benefits in the seven weeks since closures were put in place to combat the coronavirus pandemic…  Recent layoffs are expected…  …and the unemployment rate to climb to 16% In the April jobs report… | The Wall Street Journal | 05/08/2020 | Eric Morath and Gwynn Guilford |
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| Fed Officials Discount Depression Scenario in U.S. | “I don’t think we’re headed for another Great Depression,” Minneapolis Fed President Neel Kashkari said Thursday on NBC. But he predicted “a long, gradual recovery” that will be determined in large part by how successfully coronavirus health risks are deal with. Mr. Kashkari is a voting member of the rate-setting Federal Open Market Committee.  Fed officials who spoke Thursday were weighing in after last week’s central bank policy meeting kept in place the Fed’s broad response to the crisis. | The Wall Street Journal | 05/08/2020 | Michael S. Derby |
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| Nasdaq Erases 2020 Losses | The Nasdaq Composite Index closed in positive territory for 2020 the first time in two months, clawing back much of its losses since the coronavirus pandemic began rattling the U.S. stock market.  It remains down 8.5% from its February high.  While the Nasdaq has gained 0.1% for the year, the S&P 500 has fallen 11% and the Dow Jones Industrial Average has dropped 16%.  The S&P 500 gained 32.77 points, or 1.2%, to 2881.19. the Dow industrials added 211.25 points, or 0.9%, to 23875.89. The Nasdaq advanced 125.27 points to 8979.66.  Nine of the 11 S&P 500 sectors rose, with the hard-hit energy, financial and materials groups climbing more than 2%.  Initial jobless claims for the week ended May 2 came in at 3.2 million, with total applications since mid-March surpassing 33 million.  President Trump’s pledge on Wednesday to shift resources to reopening the economy and developing a vaccine have also buoyed optimism.  The yield on the 10-year U.S. Treasury edged down to 0.630% from 0.709% Wednesday. | The Wall Street Journal | 05/08/2020 | Karen Langley, Caitlin Ostroff and Xie Yu |
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| Decades of Job Gains Erased in April  *Unemployment soars to 14.7% as lockdowns throw 20.5 million out of work in one month* | The U.S. jobless rate eclipsed the previous record level of 10.8% for data tracing back to 1948, though it was well below the 25% rate economists estimate was reached during the Great Depression. | The Wall Street Journal | 05/09-10/2020 | Sarah Chaney and Eric Morath |
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| Decades of Job Gains Erased in April | U.S. stocks rose Friday as investors shrugged off the April jobs report, again highlighting the growing rift between a rallying stock market and stumbling economy.  The Dow Jones Industrial Average rose 455 points, or 1.9%, to 24331. The S&P 500 rose 1.7%, and the Nasdaq Composite added 1.6%.  The broad gains were the latest head-scratching development for many market observers, who have been parsing a stream of abysmal economic data while watching the U.S. stock market stage a recovery.  The technology-heavy Nasdaq Composite index entered positive territory for the year. | The Wall Street Journal | 05/09-10/2020 | Gunjan Banerji |
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| Pandemic’s Economic Fallout Puts Euro to the Test | Tensions have resurfaced in recent weeks, with wealthier nations in the eurozone like Germany and the Netherlands resisting taking on additional debt to help beleaguered countries such as Italy and Spain.  “Whatever happens, regional cohesion in the eurozone is going to be challenged in the wake of this crisis,” said Richard McGuire, head of rates strategy at Rabobank.  The eurozone is headed for the deepest recession in its history, with the economy expected to contract 7.7% this year, the European Commission forecast on Wednesday. Any recovery is expected to be slow, halting and uneven, and is likely to lag behind that of the U.S. economy. | The Wall Street Journal | 05/09-10/2020 | Caitlin Ostroff |
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| Small Stocks Defy Grim Economy  *Russell 2000 rallies, outperforming S&P 500 in face of ugly national statistics* | The Russell 2000 index, whose constituents have an average market cap of $2 billion, has risen 12% over the past month. | The Wall Street Journal | 05/11/2020 | Akane Otani |
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| Factory Closures Imperil Industrial Economy | Factory furloughs are becoming permanent closings, a sign of the heavy damage the coronavirus pandemic and shutdowns are exerting on the industrial economy.  Factory shutdowns in the U.S. will further erode an industrial workforce that has been shrinking as a share of the nation’s overall economy for decades. | The Wall Street Journal | 05/11/2020 | Austen Hufford and Bob Tita |
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| Mortgage Firms Show Strain | Over the past decade, the business of originating and servicing mortgages has shifted toward nonbanks. They made 59% of U.S. mortgages last year, the highest level on record, according to industry-research group Inside Mortgage Finance. | The Wall Street Journal | 05/11/2020 | Ben Eisen |
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| Hopes for Speedy Rebound Dim | Many policy makers and corporate executives, until recently, were hoping for a V-shaped economic recovery from the coronavirus pandemic: a short, sharp collapse followed by a bounce back to pre-virus levels of activity.  Now, they expect a “swoosh” recovery.  The sobering new view reflects the depth of the contraction now being recorded for the spring, as well as more evidence that soaring joblessness and months or years of social distancing – particularly in the West – will depress economic activity well in next year. | The Wall Street Journal | 05/12/2020 | Paul Hannon and Saabira Chaudhuri |
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| Nasdaq Rises, S&P Inches Up, Dow Falls | Stocks were little changed as investors weighed the benefits of reopening the economy against concerns that such steps, could lead to fresh waves of coronavirus infections and renewed lockdowns.  The Dow Jones Industrial Average fell 109.33 points, or 0.4%, to 24221.99, paring losses after dropping as much as 261 points after the opening bell.  The S&P 500 inched up 0.39 point, or less than0.1%, to 2930.19. The Nasdaq Composite climbed 71.02%, or 0.8%, to 9192.34, with health-care and technology stocks powering much of the gains. | The Wall Street Journal | 05/12/2020 | Avantika Chilkoti, Alexander Osipovich and Chong Koh Ping |
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| Volatility Falls to Lowest Since February | Market volatility has abated after a painful stretch of turbulence, flashing a green light for some funds to buy U.S. stocks.  The options-based gauge tends to rise when markets are falling as investors reach for options contracts to protect their portfolios.  Other measures of volatility are also receding.  The falling volatility is a signal for some funds to buy. So-called volatility-targeting funds have been increasing their exposure to stocks as market swings have calmed, according to Deutsche Bank strategists.  These types of funds make buying and selling decisions based on market volatility. | The Wall Street Journal | 05/12/2020 | Gunjan Banerji |
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| What’s News | ♦ U.S. stocks fell after Fed chief Powell said further stimulus could be needed to support the economy’s recovery from the coronavirus-induced contraction, with the Dow losing 2.2%. | The Wall Street Journal | 05/14/2020 |  |
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| What’s News | ♦ A monthly survey by the Wall Street journal found that economists expect the U.S. unemployment rate to hit 17% in June. | The Wall Street Journal | 05/14/2020 |  |
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| Financials Spur End-of-Day Rally | The Dow Jones Industrial Average ended the day up more than 375 points, a dramatic rebound after sliding more than 450 points earlier. The furious rally in the index was driven by large gains among stocks in the financial sector, which have slumped this year as interest rates have fallen. American Express jumped 7.4%, and JP Morgan Chase rose 4.2%.  The session was marked by a surge in volatility.  The Dow Jones Industrial Average gained 377.37 points, or 1.6%, to 23625.34. The S&P 500 added 32.50 points, or 1.2%, to 2852.50. The Nasdaq jumped 80.55 points, or 0.9%, to 8943.72.  The S&P 500 is down 2.1% for the month, extending its losses to 12% for the year.  The Nasdaq, which recouped its year-to-date losses earlier this month, is trading 0.3% lower for 2020. Big technology stocks have helped drive much of the market’s rebound this year.  The yield on the 10-year Treasury note retreated to 0.617% from 0.648% Wednesday.  Outside the U.S., the pancontinental Stoxx Europe 600 fell 2.2%, while the Nikkei 225 index shed 1.7%. The Shanghai composite Index retreated 1%. | The Wall Street Journal | 05/15/2020 | Caitlin McCabe, Caitlin Ostroff and Joanne Chiu |
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| Fed-Funds Traders Bet on Zero Rates | Federal-funds futures, which traders use to bet on central-bank policy, on Thursday continued to show a chance of negative U.S. interest rates by April 2021, even after Fed Chairman Jerome Powell said Wednesday the central bank wasn’t contemplating such a policy.  Wall Street analysts generally aren’t predicting negative interest rates. | The Wall Street Journal | 05/15/2020 | Sebastian Pellejero |
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| What’s News | ♦ U.S. stocks rose, with the Dow, S&P 500 and Nasdaq gaining 1.6%, 1.2% and 0.9% respectively. | The Wall Street Journal | 05/15/2020 |  |
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| Workers File 3 Million New Jobless Claims | About 36.5 million people have filed applications in the past eight weeks…  “the numbers are very high, but they’re stepping down every week, and I see no reason why that decline in filings wouldn’t continue,” said Keith Hall, chief economist for the Council of Economic Advisers under former President George W. Bush.  After a volatile trading day, stocks finished higher as investors digested news of the claims, U.S. and China tension and efforts to reopen local economies. | The Wall Street Journal | 05/15/2020 | Sarah Chaney and Gwynn Guilford |
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| Pandemic Hastens ‘Retail Apocalypse’ For Struggling Stores | More than two million retail jobs disappeared in April as many stores closed.  About 100,000 stores are expected to close over the next five years – more than triple the number that shut during the previous recession – as e-commerce jumps to a quarter of U.S. retail sales from 15% last, UBS estimated. | The Wall Street Journal | 05/15/2020 | Suzanne Kapner and Sarah Nassauer |
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| Stores, Factories Hit by Lockdown | Retail sales, a measure of purchases at stores, at restaurants and online, fell in April by a seasonally adjusted 16.4% from a month earlier, the biggest drop since record-keeping began in the early 1990s, the Commerce Department said Friday.  The Federal Reserve separately said manufacturing output fell by 13.7% in April, its largest monthly decline in records dating to 1919. A broader reading for overall industrial production, which includes mining and utility output, also posted its steepest drop in the data’s history, 11.2%.  The record declines in spending and output could represent the worst of economic damage from coronavirus-related shutdowns, economists said, although most expect the recovery will be slow. | The Wall Street Journal | 05/16-17/2020 | Harriet Torry |
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| What’s News | ♦ Germany fell into recession in the first quarter, shrinking at its second-fastest pace since reunification. | The Wall Street Journal | 05/16-17/2020 |  |
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| What’s News | ♦ China’s economic activity showed signs of improvement in April as the country began returning to work. | The Wall Street Journal | 05/16-17/2020 |  |
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| What’s News | ♦ U.S. stocks edged higher, but notched declines for the week, with the S&P 500 gaining 0.4% in Friday’s session. | The Wall Street Journal | 05/16-17/2020 |  |
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| In the U.S., Glimmers of a Recovery Emerge | There are signs the economic contraction caused by the pandemic, the steepest since the Great Depression, has bottomed out and a tentative recovery may be under way.  In prior recessions, employment, spending and production declined gradually. This downturn began with a sudden and historic collapse.  There are huge caveats. First, these private indicators may not translate into measurable increases in spending, and if they do could be a blip.  The second is that the data say nothing about how strong the recovery will be: Economic activity could rise for a few months and then flatline.  In countries ahead of the U.S. in the pandemic, lessons are mixed. In China, retail sales – down 20.5% from a year earlier in January and February – were still down 7.5% in April. On the other hand, vehicle sales and industrial production are back to prepandemic levels. | The Wall Street Journal | 05/18/2020 | Greg Ip |
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| Big Tests Arise as U.S. Auto Factories Reopen  *New safety protocols are in place, but lower demand, higher costs drive host of concerns* | The largest U.S. auto makers plan to begin reopening their factories on Monday, but like many businesses across the country, they and their parts suppliers face complications and costs around worker safety and depressed customer demand.  The coronavirus crisis has led car companies to idle plants across North America, lay off workers and burn through cash.  But rebooting more than 40 U.S. assembly plants – as well as the thousands of component makers that supply them – is likely to be a slow and arduous process, industry executives and consultants said. | The Wall Street Journal | 05/18/2020 | Ben Foldy and Mike Colias |
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| Bets on Slow Recovery Challenge Stocks  *Investors increasingly believe fallout from virus will last longer than they first thought* | Stocks recorded their biggest weekly percentage drop in nearly two months last week, a sign that recent gains are just one step of what many analysts say will be a long and painful recovery.  Fueling the caution: the prospect that lockdowns could linger or stimulus measures could prove insufficient to keep pace with job losses and business closures.  The S&P 500 fell 2.3% last week, recording its biggest weekly drop since the extreme volatility of mid-March. Stocks have bounced 28% above their multiyear lows from that month but remain 15% below their February records.  Many analysts say the speed of this year’s market moves and economic crash make the coronavirus crisis unique, adding to the challenge of forecasting where stocks will go next.  Investors are waiting to see whether the fast-growing technology companies that have powered the recent market rebound can continue supporting major indexes.  At the same time, some investors remain optimistic that stimulus measures will eventually support corporate profits… | The Wall Street Journal | 05/18/2020 | Amrith Ramkumar |
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| Market Rallies On Virus Vaccine Progress  *Dow industrials jump 900 points on early results from Moderna, erasing last week’s fall* | Stock prices surged as investors cheered a drugmaker’s positive early study of a potential coronavirus vaccine, sending the Dow Jones Industrial Average to its best day since early April.  A rebound in oil prices and a gradual easing of lockdown measures also boosted sentiment, analysts said. Of the 30 stocks in the blue-chip index, 29 rallied, as did all 11 sectors of the S&P 500.  Markets have rebounded sharply from their late March lows… | The Wall Street Journal | 05/19/2020 | Paul Vigna and Peter Loftus |
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| What’s News | ♦ The Fed is preparing to lend directly to middle-market businesses, a tricky task that could bring financial and political headaches. | The Wall Street Journal | 05/19/2020 |  |
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| What’s News | ♦ Powell, in testimony prepared for delivery to a congressional panel on Tuesday, said the Fed will use its “full range of tools to support the economy.” | The Wall Street Journal | 05/19/2020 |  |
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| Investors Cut Firms Slack on Bad News | Investors are brushing off gloomy news from big corporations as earnings season comes to a close.  Corporate earnings are on track for the biggest decline since 2009, headed toward a roughly 14% fall for the first quarter from the year prior, according to FactSet. However, investors appear more willing to take bad news in stride. | The Wall Street Journal | 05/19/2020 | Gunjan Banerji |
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| European CEOs See Recovery As Slow | A global economic recovery from the coronavirus crisis will take between one and three years, more than 80% of top European business leaders said in a survey to be released on Tuesday.  The views of chief executives and chairmen in the European Round Table for Industry, a trade group, were overwhelmingly pessimistic about near-term prospects and mirror the grim outlook of American chief executives in a similar recent survey.  Among European business leaders, 53% expect the global economy will need between one and two years to recover, and another 39% predict the recovery will take between two and three years. | The Wall Street Journal | 05/19/2020 | Daniel Michaels |
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| Investors Fuel Stock Rebound With Bets on a Few Sectors | The rally has been powered disproportionately by shares in some of the biggest companies, and by investors making targeted bets on a few sectors. They have favored areas including health-care and energy companies, and those benefiting from shelter-in-place orders and remote working. Amazon.com Inc. and Microsoft Corp. have been two of the biggest beneficiaries in the rally and lifted broad market indexes because of their outsize weighting.  With interest rates near zero and the Federal Reserve’s moves to support markets, some investors also feel there aren’t better investment options than stocks. This viewpoint is so prevalent it has earned a shorthand: TINA (There Is No Alternative). | The Wall Street Journal | 05/20/2020 | Dawn Lim and Juliet Chung |
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| Growth Shares Outperform Value Equities | Shares of fast-growing companies are racing past their value counterparts, on pace to outperform the latter by the widest margin since the dot-com era.  Growth stocks are typically companies that promise to deliver faster-than-average profit growth in the future – something that investors say has been particularly attractive in the current economic downturn.  Value stocks, on the other hand, typically trade at a low multiple of their book value.  The divergence between the two categories of stocks is so vast that some analysts and investors question how much longer it can last.  Conventional investment theory suggests value stocks, which include banks, oil companies and industrial conglomerates, start to do better than growth stocks when the economy begins to recover from a downturn.  That is because many value stocks are particularly sensitive to ebbs and flows of economic activity.  The gap between value and growth stocks’ valuations looks so extreme that “the stage is set for potentially historic out-performance of value relative to growth over the coming decade,” the investment firm founded by Rob Arnott said in a note. | The Wall Street Journal | 05/20/2020 | Akane Otani |
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| Havens Suddenly Not So Safe For Commercial Real Estate | More office – and apartment – building owners are falling behind on their mortgages, a sign the economic shutdown is harming stabler property types and raising the prospect of widespread industry damage.  Office leasing has mostly dried up in recent weeks and companies increasingly say they want to use less office space in the future…  Owners of hotels and retail properties were the first to run out of money and start to default back in March…  But the severity of the economic downturn hasn’t spared any type of real estate this spring…  In April and May, 354 apartment and office properties started missing payments on $7.1 billion in mortgages… | The Wall Street Journal | 05/20/2020 | Konrad Putzier |
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| Powell, Mnuchin Differ on Perils for Economy  *Fed chief recommends more federal aid, while Treasury leader urges wait-and-see approach* | The U.S.’s top two economic-policy leaders Tuesday offered contrasting visions about rebounding from the coronavirus pandemic, with Treasury Secretary Steven Mnuchin recommending a wait-and-see approach to more federal aid and Federal Reserve Chairman Jerome Powell suggesting a recovery would be at risk without it.  “There is the risk of permanent damage” to keeping commercial activity closed down too long, Mr. Mnuchin told the Senate Banking Committee.  Mr. Powell , meanwhile, challenged the premise that there is a trade-off between economic growth and protecting the public’s health. Fear of coronavirus infection is the economy’s biggest hurdle, he said, and the recovery will be held back until people believe it is safe to resume commercial activities involving person-to-person contact.  Mr. Powell and other senior central bank officials have indicated they don’t think a V-shaped recovery is likely.  The nonpartisan Congressional Budget Office, which released its updated economic forecast Tuesday, said it anticipates a “gradual and incomplete pattern of recovery” over the next year and a half.  Mr. Trump’s top advisers have laid out a more optimistic scenario that they said justifies waiting to see how the economy fares before providing more aid to businesses… | The Wall Street Journal | 05/20/2020 | Nick Timiraos and Kate Davidson |
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| Minutes Show Fed Focus on Guidance | Officials cut interest rates to near zero in March as the coronavirus pandemic deepened, and they affirmed plans in April to hold rates there until they are confident the economy is on track for inflation to reach their 2% target and for unemployment to return to low levels of recent years.  A complementary idea discussed last month would reinforce that guidance by purchasing Treasury securities as needed to c ap yields on short-and medium-term Treasurys, a policy sometimes called yield-curve control that has been employed by central banks in Japan and Australia.  The U.S. Treasury is set to issue trillions of dollars in additional securities during the next year to finance coronavirus-related spending. | The Wall Street Journal | 05/21/2020 | Nick Timiraos |
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| Bond Yields Hover at Low Levels, Signaling Hard Times | Yields on U.S. government bonds have stalled near all-time lows, a sign that investors are anticipating a difficult economic recovery and years of aggressive monetary stimulus.  The S&P 500 gained 1.7%, Wednesday, leaving it just 12% below its record high set in February. The Dow Jones Industrial Average added 369.04 points, or 1.5%, and the Nasdaq Composite rose 2.1%.  An important benchmark for interest rates across the economy, the ultralow 10-year Treasury yield has facilitated an explosion of corporate-bond issuance…  Two factors typically determine longer-term Treasury yields. One is investors’ estimates of the average federal-funds rate set by the Federal Reserve over the life of a bond. The other is what is sometimes referred to as a risk premium, or an extra amount of yield investors demand to be compensated for the chance that short-term interest rates could rise higher than anticipated as a result of scenarios such as accelerating economic growth and inflation.  Wednesday’s closing 10-year yield of 0.679% suggests many investors believe that the Fed could basically repeat its postcrisis playbook: leaving the federal-funds rate near zero for about seven years before raising it to around 2%. | The Wall Street Journal | 05/21/2020 | Sam Goldfarb |
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| Business, Job Market Show Slower Decline | In the U.S., workers filed another 2.4 million unemployment claims last week, continuing at historically high weekly levels but down significantly from a peak of nearly 7 million at the end of March.  In the U.S., business activity fell at a less steep pace than before. HIS Markit said its index of manufacturing activity stood at 39.8 in May, up from 36.1 in April. | The Wall Street Journal | 05/22/2020 | Paul Hannon and Sarah Chaney |
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| Stocks Lose Momentum on Jobless | Stocks slipped, paring gains from earlier in the week, after data showed another wave of Americans applied for unemployment benefits because of the coronavirus pandemic.  Despite Thursday’s decline, stocks are still on pace for big weekly gains…  Investors are trying to better understand the potential for an economic turnaround in the third quarter, according to Daniel Gerard, senior multi-asset strategist at State Street Global Markets. | The Wall Street Journal | 05/22/2020 | Caitlin Ostroff, Akane Otani and Xie Yu |
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| Prices Rise for 20-Year Treasury in Debut | The yield on the newest Treasury bond closed at 1.165%,…  The 20-year yield’s fall exceeded that of the yield on the benchmark 10-year note, which slipped to 0.677%, compared with 0.679% on Wednesday.  Investors are carefully watching how the 20-year bond trades and its effect on bonds with different maturities. By issuing more long-term debt, the Treasury is ultimately changing the dynamics of the so-called bank-end of the yield curve.  Treasury officials estimate that they will borrow a record $2.99 trillion in the second quarter, more than five times as much as quarterly borrowing during the height of the 2008-09 financial crisis. | The Wall Street Journal | 05/22/2020 | Julia-Ambra Verlaine |
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| Oil Prices Advance As Production Falls | U.S. crude futures for delivery in July rose 1.3% to $33.92 a barrel on the New York Mercantile Exchange, extending a recent recovery.  Oil has since staged a recovery with the industry’s storage crisis easing. Supply curtailments and a nascent rebound in fuel demand are driving down stockpiles in the U.S. and China, supporting the price rebound.  The magnitude of global supply cuts is still giving oil traders confidence in the recent rally, though. Prices remain below levels at which most companies can make money by producing. If they continue rising, analysts expect some companies to start gradually boosting supply to take advantage. | The Wall Street Journal | 05/22/2020 | Amrith Ramkumar |
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| Beijing Retreats On Key Goal for Economy | On Friday, Premier Li Keqiang abandoned the country’s annual gross domestic product target for the first time in more than a quarter-century, citing “factors that are difficult to predict” – most notably the coronavirus pandemic and uncertainties around trade. It was a humbling move the nation that also foreshadows more economic pain for a world that has become increasingly reliant on China as an engine of growth. | The Wall Street Journal | 05/23-24/2020 | Jonathan Cheng |
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| What’s News | ♦ Argentina defaulted on sovereign debt for the ninth time in its history, as it grapples with a new cycle of economic woes exacerbated by the pandemic. | The Wall Street Journal | 05/23-24/2020 |  |
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| What’s News | ♦ The S&P 500 and Dow industrials gained 3.2% and 3.3%, respectively, for the week, while the Nasdaq climbed 3.4%. | The Wall Street Journal | 05/23-24/2020 |  |
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| Major Indexes Notch Big Weekly Gains | The S&P 500 added 6.94 points, or 0.2%, to 2955.45. The Nasdaq Composite gained 39.71 points, or 0.4% to 9324.59. The Dow Jones Industrial Average edged down 8.96 points, or less than 0.1% to 24465.16.  Despite the relatively muted moves, all three major indexes gained at least 3% this week, in part driven by optimism that coronavirus vaccines will be available later this year.  The S&P 500 and Dow added 3.2% and 3.3%, respectively, for the week, while the Nasdaq climbed 3.4%.  The Hang Seng Index closed down 5.6% in its worst day since July 2015 after China moved to impose new national-security laws on the city.  China scrapped its economic growth target for 2020 in a stark acknowledgment of the challenges facing the world’s second-largest economy, sending crude oil and metal prices sharply lower.  The yield on the 10-year U.S. Treasury note rose to 0.659% on Friday from 0.640% last week a s bond prices rose.  Brent crude, the global oil benchmark, fell 2.6% on Friday to $35.13 a barrel.  “China is today the biggest importer of crude oil, so Chinese growth is hugely important for oil demand,” said Bjarne Schieldrop, chief commodities analyst at Nordic bank SEB. | The Wall Street Journal | 05/23-24/2020 | Anna Hirtenstein, Gunjam Benerji and Chong Koh Ping |
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| Corporate Bond Rally Picks Up Steam | U.S. corporate bonds wrapped up another strong week on Friday, reflecting investors’ hopes for an economic rebound and support from the Federal Reserve.  As of Thursday, the average extra yield, or spread, investors demand to hold speculative-grade corporate bonds over U.S. Treasurys was 6.81 percentage points, according to Bloomberg Barclays data…  The yield on the benchmark 10-year U.S. Treasury note settled at 0.659%...  Actions taken by the Fed have played a role in lifting corporate bonds, investors and analysts say. Data released by the central bank late Thursday indicated it bought around $1.5 billion of corporate-bond ETF’s in the week ended Wednesday. | The Wall Street Journal | 05/23-24/2020 | Sam Goldfarb |
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| The Blue State Lockdown Blues | The state lockdowns are starting to ease and the U.S. economy should slowly begin to recover. But it’s worth noting that the states opening most slowly are big states run by Democrats that represent something like a third of the U.S. economy. This means a slower recovery for those states and the U.S.  Nearly two-thirds of leisure and hospitality jobs in New York and New Jersey and about half in California and Illinois disappeared between February and April compared to 43% in Florida…  Democrats think they can make businesses go dart for months and then use a “dimmer” to turn them back on. It’s more complicated. Businesses need suppliers and paying customers. This is why the economic recovery will be especially painful in Democratic states that stay locked down longer and where businesses were struggling before the pandemic due to high rents, taxes and government labor mandates.  Democrats are begging Congress for budget relief, but they’re still planning to raise taxes to finance worker pensions that they won’t reform. | The Wall Street Journal | 05/26/2020 | Review & Outlook |
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| Cyclical Companies Drive Rally In Stocks | Much of the recent optimism in the stock market has been driven by signs of progress toward a coronavirus vaccine, hopes that have propelled the S&P 500 to its highest level since early March.  The S&P 500 is now off just 8.5% for the year after rallying 3.2% last week and a32% from its late March low. The industrials, energy and financial sectors of the index all remain down 22% or more for the year. | The Wall Street Journal | 05/26/2020 | Caitlin McCabe |
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| Uncertainty Emerges as a New Enemy | In conversations with business leaders in recent days, it’s clear that simple uncertainty, as much as any particular policy or public-health imperative, is holding back the economy.  Public policies can help ease some of this uncertainty.  At the macro level, Americans remain uncertain about the path the virus will take and the public policy decisions it still will demand. | The Wall Street Journal | 05/26/2020 | Gerald F. Seib |
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| What’s News | ♦ Global trade flows tumbled in the first quarter, a preview of what could be the largest contraction in international commerce in decades. | The Wall Street Journal | 05/26/2020 |  |
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| Economy Displays Nascent Signs of Activity | Truck loads are growing again. Air travel and hotel bookings are up slightly. More people are applying to open new businesses.  These are among some early signs the U.S. economy is, ever so slowly, creeping back to life.  Plenty of data show the nation was still mired in a severe downturn in April and May, with overall business activity falling and layoffs rising – though more slowly than in the early weeks of the coronavirus crisis. Current projections have the U.S. economy contracting by 6% to 7% this year and unemployment lingering in double-digit percentages for a while.  But, for the first time since the pandemic forced widespread U.S. business closures in March, it appears conditions in some corners of the economy aren’t getting worse, and might even be improving. | The Wall Street Journal | 05/26/2020 | Harriet Torey and Josh Mitchell |
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| What’s News | ♦ U.S. stocks gained amid optimism about economies reopening and the potential development of a coronavirus vaccine. The Dow and S&P 500 rose 2.2% and 1.2%, respectively. | The Wall Street Journal | 05/27/2020 |  |
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| Leading Economies Suffered In Quarter | The world’s developed economies saw the largest fall in output since the global financial crisis in the first three months of the year, as governments began to improve lockdowns designed to limit the spread of the novel coronavirus.  The Organization for Economic Cooperation and Development said the combined gross domestic product of its 37 members was 1.8% lower in the first quarter than in the final three months of 2019, the largest fall since the 2.3% decline recorded in the first three months of 2009 during the height of the financial crash.  Among the Group of Seven largest developed economies, France saw the largest drop in economic output, followed by Italy. Japan saw the smallest economic contraction, followed by the U.S.  This month, the United Nations s aid it expects the global economy to contract by 3.2% this year, led by a 5% drop in the output of developed countries and a 0.7% decline in the output of developing countries, which typically grow more rapidly. | The Wall Street Journal | 05/27/2020 | Paul Hannon |
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| Stocks, Consumer Sentiment Split | Stocks have rebounded dramatically off their March lows, while consumer sentiment is hovering near the lowest level in nearly a decade. The divergence is one of many realities investors are struggling to reconcile.  Unemployment rose to record highs from record lows. Personal incomes in March suffered the steepest drop since 2013, and consumer spending fell at the fastest rate since 1959. April numbers, due Friday, are expected to be worse.  Yet stocks have continued to rise. The S&P 500 has surged 34% since bottoming March 23, cutting its losses for the year to 7.4%.  The S&P 500’s 13% rally in April marked its best month since January 1987, a rise most market observers attribute to the unprecedented level of stimulus provided by the Fed.  Although the University of Michigan’s consumer sentiment reading suffered its biggest plunge on record in April, falling 19%, there were also signals that respondents expect the downturn will be short-lived.  The official unemployment rate, calculated by the Bureau of Labor Statistics, rose to 14.7%.  Stock investors, on the other hand, appear to be putting their faith in the Fed and Congress.  Because of those rescue packages, markets are betting that the economic damage has a “time limit”, said Andrew Zatlin, founder to SouthBay Research, in vestment advisory firm in San Mateo, California | The Wall Street Journal | 05/28/2020 | Paul Vigna |
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| Dow Advances 553, Powered by Gains In Financial Stocks | Stocks surged, climbing to levels not seen since early March, on optimism that economic activity is gathering steam and authorities may offer more stimulus to bolster the recovery.  The Dow Jones Industrial Average rose 553.16 points, or 2.2%, to 25548.27 – marking the first time since early March that the blue-chip index has closed above the 25000 mark.  The S&P 500 , meanwhile, closed above 3000 for the first time in nearly three months. The benchmark index rose 44.36 points, or 1.5%, to 3036.13. | The Wall Street Journal | 05/28/2020 | Caitlin McCabe, Anna Isaac and Frances Yoon |
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| U.S. Rebukes Beijing On Hong Kong | The U.S. no longer believes Hong Kong has a high degree of autonomy from China, Secretary of State Mike Pompeo said in a statement likely to unsettle the global financial center and certain to aggravate Beijing.  The decision opens the way for President Trump to take a range of possible measures, from revoking special arrangements on trade to imposing sanctions on people involved in suppressing civil liberties in the city. | The Wall Street Journal | 05/28/2020 | Jessica Donati |
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| EU Plans $2 Trillion in Aid To Revive Virus-Hit Economy | The European Union Set out a $2 trillion coronavirus-response plan, including a massive pooling of national financial resources that, if approved, would deepen the bloc’s economic union in a way that even the eurozone debt crisis failed to achieve.  Wednesday’s proposal – a €750 billion ($824 billion) recovery plan and €1.1 trillion budget over the next seven years – aims to lift the region from its economic slump, but must overcome infighting dividing the bloc. | The Wall Street Journal | 05/28/2020 | Laurence Norman |
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| What’s News | ♦ The number of workers in the U.S. receiving unemployment benefits fell for the first time since February, and new weekly claims continued to ease, offering evidence that layoffs related to the pandemic are slowing. | The Wall Street Journal | 05/29/2020 |  |
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| Economic Woes Hit Developing World | Brazil’s economy shrank during the first three months of this year. Turkey’s economy slowed, and India’s yearly output posted its slowest growth in 11 years.  Economic results released on Friday in all three countries highlight the struggles of many developing-world economies even before the pandemic caused governments to order lockdowns in late March that have since cost hundreds of millions their jobs.  “This will get a lot worse,” said Monica de Bolle, an economist at the Peterson Institute for International Economics in Washington.  For the first time, all the world’s economies are going through a synchronized contraction, says Dilip Ratha, lead economist at the World Bank’s migration and remittances unit. | The Wall Street Journal | 05/30-31/2020 | Vibhuti Agarwal, David Gauthier-Villers and Jeffrey T. Lewis |
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| Foreign-Investment Roadblocks Are Rising | Leading market economies are erecting new walls against foreign investment and suspicious trade practices, spurred by coronavirus-triggered economic upheaval and China’s increasing assertiveness.  In a sign of how profoundly sentiments have shifted, the U.K. has joined the roster, thwarting a Chinese-owned company’s recent attempt to take control of a British tech firm.  The U.S. in February expanded the powers of its Committee on Foreign Investment in the U.S., allowing Cfius to block foreign purchases of minority stakes, not just take-overs, and widening its jurisdiction to cover more sectors.  High-tech companies aren’t the only ones being defended. France in March blocked the sale of a steel plant to a Chinese investor, citing national security concerns. | The Wall Street Journal | 05/30-31/2020 | Valentina Pop |
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| Bonds Signal Steady Inflation | Long-term government bond yields reflect no sign of concern about a pickup in inflation, even as some investors pour money into gold in a bet that stimulus efforts will spur rising prices. | The Wall Street Journal | 05/30-31/2020 |  |
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| Stocks Extend Rally to Second Month | The S&P 500 edged up Friday, notching a second consecutive week of strong gains and its best two-month performance since 2009.  Investors have been encouraged in recent weeks by signs of states and businesses around the country reopening, helping stocks rebound from their March lows.  The S&P 500 and Dow Jones Industrial Average both climbed more than 4% in May, building on April’s robust rally when the indexes posted their best monthly percentage gains since 1987. The two-month rally has cut the indexes’ losses for the year to 5.8% and 11%, respectively.  The rally was initially led by shares of big technology companies, which helped the Nasdaq Composite outperform. The tech-heavy index rose 6.8% in May and is up 5.8% for 2020.  Investors have turned to financial companies and cooled toward the tech giants, for now.  The S&P 500 closed up 14.58 points, or 0.5%, at 3044.31. The Nasdaq Composite rose 120.88 points, or 1.3%, to 9489.87. The Dow Jones Industrial Average finished down 17.53 points, or 0.1%, to 25383.11.  The pan-continental Stoxx Europe 600 dropped 1.4%. Most major Asia-Pacific equity benchmarks closed lower, while the Hong Kong gauge lost 0.7%. | The Wall Street Journal | 05/30-31/2020 | Gunjan Banerji and Avantika Chilkoti |

Niall Ferguson banged out a laundry list of the president’s shortcomings: He’s a serial adulterer with medical issues that he keeps hidden from the press. He hired a close relative to work in his administration. He’s got a back-channel to the Kremlin. He’s a disrupter who uses modern media to communicate directly to the public. And the prospect of a nuclear war under his leadership is more than a little unsettling. He was talking, or course, about President John F. Kennedy. Investing Secrets, January 16, 2019

In less than a generation – The average cost of 1-year of college at an average 4-year public institution (including tuition, fees, room and board) has tripled over the last 22 years, rising from $7,142 for academic year 1996-1997 to $21,370 during academic year 2018-2019 (source: College Board).

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