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| **RESOURCE LOG – June 2020** | | | | |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
| Rebounding U.S. Stocks Outpace Rest of World | U.S. stocks have staged a furious rebound since late March, leaving global markets behind.  Optimism about state and business reopenings and the potential development of a coronavirus vaccine has lifted the S&P 500 36% from its March low, cutting its losses for the year to 5.8%. The index rallied 3% last week to cap its best two-month stretch since 2009.  The Stoxx Europe 600, meanwhile, is down 16% in 2020, and Hong Kong’s Hang Seng Index is off 19%. | The Wall Street Journal | 06/01/2020 | Karen Langley |
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| Economy Setback Seen Taking 10 Years to End | The U.S. economy could take the better part of a decade to fully recover from the coronavirus pandemic and related shutdowns, a U.S. budget agency said, as a series of surveys pointed to continuing weakness in global manufacturing.  GDP isn’t expected to catch up to the previously forecast level until the fourth quarter of 2029, the CBO said.  The roughly $3.3 trillion in stimulus programs enacted by Congress since March will only “partially mitigate the deterioration in economic conditions”, the CBO said. | The Wall Street Journal | 06/02/2020 | Paul Kiernan and Paul Hannon |
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| It’s No Illusion – Stocks Are Pricey | The Covid-19 crisis has put earnings estimates through the wringer.  The S&P 500 now trades at 21.6 times expected earnings, putting its forward P/E into territory last seen during the dot-com bubble.  The P/E ratio is a bit deceptive since it reflects expectations during an unusual period of turmoil.  The S&P has now climbed back to where it was at the end of October.  So while basing the level of a stock index on a P/E ratio distorted by a crisis like the pandemic is short-sighted, the level of stocks really should hew to what is expected over several years, which is now meaningfully lower.  Moreover, it will probably take more than a year for profit levels to bounce back.  Earnings expectations aren’t the only driver of stocks, of course. The collapse in long-term interest rates since the crisis struck probably has left many investors with the feeling that there is nowhere else to stick their savings. | The Wall Street Journal | 06/02/2020 | Justin Lahart |
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| Manufacturing Data Drive Stocks | Stocks rose as investors embraced signs that global factory activity was on a path toward recovery and largely shrugged off the violent protests in U.S. cities.  The Dow Jones Industrial Average climbed 91.91 points, or 0.4%, to 25475.02. The S&P 500 added 11.42 points, or 0.4%, to 3055.73, while the Nasdaq Composite gained 62.18 points, or 00.7%, to 9552.05. Overseas, major European and Asian indexes posted gains.  In the U.S., the Institute for Supply Management’s manufacturing index for May rose to 43.1 from an 11-year low of 41.5 in April. A reading above 50 indicates an increase in activity, while a reading below that level indicates a decrease. | The Wall Street Journal | 06/02/2020 | Alexander Osipovich and Anna Isaac |
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| Crude Sees Largest Monthly Gain | U.S. oil prices notched their largest monthly gains on record in May, recovering a big chunk of the losses caused in March and April when the country went into lockdown to counter the spread of the coronavirus.  After dipping below $0 for the first time ever, West Texas Intermediate futures ended April at $18.84 a barrel. In May, the U.S. oil benchmark added $16.65, or 88% to end at $35.49.  Traders are weighing not just the return of fuel demand and domestic production cuts but also the fraught China-U.S. trade negotiations, civil unrest in the U.S. and whether the Organization of the Petroleum Exporting Countries and allied oil-producing countries will extend their April curtailment pact.  Still, they and other analysts expect that the sharp budget cuts announced by oil companies will remain largely intact and will lead to a decline in production as fewer wells are drilled to replace naturally declining output of shale wells.  That should help reduce the surplus of oil in storage that builds up during the first half of the year… | The Wall Street Journal | 06/02/2020 | Ryan Dezember |
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| What’s News | ♦ The Trump administration is taking the initial step to ready tariffs against a range of trading partners unless they back off proposals for taxes that would fall heavily on big U.S. internet firms. | The Wall Street Journal | 06/03/2020 |  |
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| What’s News | ♦ U.S. stocks rose, with the Dow, S&P 500 and Nasdaq gaining 1.1%, 0.8%, and 0.6%, respectively. | The Wall Street Journal | 06/03/2020 |  |
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|  | **DJIA** 25742.65 ▲ 267.63 1.1%  **NASDAQ** 9608.37 ▲ 0.6%  **STOXX** 600 359.77 ▲1.6%  **10-YR. TREAS.** ▼ 5/32, yield 0.679%  **OIL**  $36.81 ▲ $1.37 | The Wall Street Journal | 06/03/2020 |  |
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| A U,S. -China Breakup Will Be Pricey for Both | China’s huge market is hard to ignore: U.S. direct investment in china has been steady at around $15 billion a year since 2012…  China’s companies are major customers for U.S. high technology and its students help fund America’s universities.  Chinese students are the biggest customers, accounting for about a third of all foreign students. They spent $13.9 billion on education and related expenses in the U.S. in 2017.  Further deterioration in the Sino-U.S. relationship will certainly slow China’s technological development. But given how rapidly Chinese investment has caught up to U.S. levels, decoupling seems unlikely to derail it entirely. | The Wall Street Journal | 06/03/2020 | Nathaniel Taplin |
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| Energy, finance Stocks Lead Way | Investors favored shares that have ben battered during the market turmoil this year, suggesting their growing optimism about economic prospects.  The S&P 500 advanced 42.05 points, or 1.4%, to 3122.87. The Dow Jones Industrial Average added 527.24 points, or 2%, to 26269.89. The technology-heavy Nasdaq Composite gained 74.54 points, or 0.8%, to 9682.91, off 1.4% from February’s record.  Stocks have rallied from their late March lows, a rebound most analysts attribute to the stimulus offered by the Federal Reserve and Congress to keep the economy afloat.  In a potential bright sign Wednesday, the ADP National Employment Report showed nonfarm private-sector employment in the U.S. decreased 2.76 million jobs in May, a smaller loss than economists expected.  Stimulus measured from governments and central banks in recent weeks have opened the floodgates on cheap money, which is making its way into financial markets and boosting asset prices, investors say.  The yield on the 10-year U.S. Treasury note rose to 0.761% from 0.679% Tuesday. Yields rise as bond prices fall. | The Wall Street Journal | 06/04/2020 | Karen Langley and Caitlin Ostroff |
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| Wall Street Parties Despite Turmoil | Businesses are re-opening while the Fed is providing unprecedented support and governments are subsidizing the economy to the tune of 11% of GDP in developed countries, Fitch Ratings calculates.  The Market is probably ignoring incremental bad news because momentum has control. All those who missed the rally are buying in now that lockdown is easing, pushing up prices. | The Wall Street Journal | 06/05/2020 | James Mackintosh |
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|  | **DJIA** 26281.82 ▲ 11.93 0.05%  **NASDAQ** 9615.81 ▼ 0.7%  **STOXX 600** 366.25 ▼ 0.7%  **10-YR. TREAS**. ▼ 17/32, yield 0.818%  **OIL** $37.41 ▲ $0.12  **GOLD** $1,718.90 ▲ $21.10 | The Wall Street Journal | 06/05/2020 |  |
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| Europe Steps Up Stimulus To Stem Crisis  *ECB lifts bond-buying, while trade activity in U.S. sinks, pointing to a long, tough recovery* | The European Central Bank scaled up its bond-buying program to €1.35 trillion ($1.52 trillion) in a bold move that puts its stimulus effort in line with that of the Federal Reserve, while U.S. unemployment and trade data pointed to a rocky recovery from the pandemic shutdowns that crippled the global economy.  “The euro-area economy is experiencing an unprecedented contraction,” ECB President Christine Lagarde said. Economic output in the region is likely to shrink by 8.7% this year before rebounding by 5.2% next year, said Ms. Lagarde,… | The Wall Street Journal | 06/05/2020 | Tom Fairless |
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| Stocks Keep Rising Despite Broad Protests | This week, as thousands of protesters flooded U.S. streets, the stock market behaved no differently: The S&P 500 rose in four of the past five trading sessions, climbing 4.9% for the week – its best performance since the week ended April 9.  The optimistic trajectory of the market sharply contrasts with the civil unrest that has gripped the nation since George Floyd…  History would suggest the market tends to be unaffected by periods of civil upheaval, natural disasters or other such events – especially if investors perceive that they won’t hurt the broader economy, analysts and traders say.  Some investors say the current rally highlights the forward-looking nature of stocks. Rather than focusing on grim economic data and widespread civil unrest, traders are betting on the recovery of the economy and corporate earnings. | The Wall Street Journal | 06/06-07/2020 | Caitlin McCabe |
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| In Reversal, Investors Sell Safe Bets | U.S. government bond yields surged and gold prices tumbled after Friday’s better-than-expected jobs report, the latest sign that investors are wagering on brighter days ahead for the world economy.  The heavy selling of gold and Treasurys – which fall in price as yields rise – marks a reversal in financial markets. | The Wall Street Journal | 06/06-07/2020 | Amrith Ramkumar and Julia-Ambra Verlaine |
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| Surprise Job Gains Seed Hopes | After two months of carnage, employers added 2.5 million jobs last month, the most in a single month on records dating from 1948. The jobless rate fell to 13.3% from April’s 14.7%, a post-World War II high. The report defied predictions for more bad news.  Despite last month’s gains, the jobless rate is still historically high – nearly four times the rate in February. | The Wall Street Journal | 06/06-07/2020 | Josh Mitchell |
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| Markets Get Lift To Finish Big Week | The Dow Jones Industrial Average jumped more than 800 points, or 3.2%, extending its gain for the week to 6.8%. That marked the best week for the blue-chip index since April 9.  Many are pricing in a “V-shaped” recovery: a sharp upturn in spending and growth that follows a short, painful collapse in economic activity. | The Wall Street Journal | 06/06-07/2020 | Akane Otani |
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| What’s News | ♦ Sales of newly built homes jumped 21% in May from a year earlier, a survey shows, a sign the housing market is recovering from the pandemic’s impact. | The Wall Street Journal | 06/06-07/2020 |  |
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| U.S. Oil Drillers Pump Up Output | Scores of shale-drilling companies turned off wells to reduce output when U.S. oil prices fell to negative territory in late April…  Now t hat more of the world is reopening and prices are rebounding to nearly $40 a barrel, companies including parsley Energy Inc. and WPX Energy Inc. are starting to turn some of those wells back on…  The increased volumes remain far below peak levels before the pandemic, when the U.S. was pumping more than 13 million barrels a day of crude,… | The Wall Street Journal | 06/08/2020 | Rebecca Elliott |
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| Fed Aims to Fortify Low-Rate Pledge | To stimulate the economy in the past decade with interest rates pinned near zero, the Federal Reserve made promises about how long they would remain low.  Now, Fed officials are thinking hard about a new tool that would reinforce such promises by committing to buy Treasury securities in whatever amounts are needed to peg certain yields at low levels.  Fed officials believe forward guidance helps stimulate demand after their policy rate is near zero because it sets public expectations about future policy, which influences the rates set by markets.  Capping yields brings risks. Because investors already expect rates to stay low, the tool may not provide much stimulus unless the Fed were prepared to target longer-dated Treasurys. Prematurely ending the caps, either because of inflation or financial-stability concerns, would damage the Fed’s credibility and could lead to a nasty rise in rates. | The Wall Street Journal | 06/08/2020 | Nick Timiraos |
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| What’s News | ♦ China’s labor market is in worse shape than official government data show, anecdotal evidence and economists’ calculations suggest. | The Wall Street Journal | 06/08/2020 |  |
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| Technology Stocks Drive Market | The faith investors have in fast-growing tech companies and stimulus measures by the world’s central banks and governments helps explain how stocks have shaken off the worst U.S. economic contraction and civil unrest in decades.  …the S&P 500 has surged to its highest level since late February and erased nearly all of its drop for 2020.  The Nasdaq Composite, meanwhile, is up 9.4% for the year…  Stocks surged on Friday after hiring data showed U.S. employers unexpectedly added jobs in May, a hopeful sign for the economic recovery. | The Wall Street Journal | 06/08/2020 | Amrith Ramkumar |
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| What’s News | ♦ The global economy is expected to contract by about 5.2% in 2020, the World Bank said. | The Wall Street Journal | 06/09/2020 |  |
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| What’s News | ♦ The Fed said it would make terms more favorable for its incipient program to extend loans to small and midsize businesses. | The Wall Street Journal | 06/09/2020 |  |
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| What’s News | ♦ The U.S. budget gap more than doubled in May, pushing the deficit for the fiscal year to near $2 trillion, as federal revenue plunged and government spending soared. | The Wall Street Journal | 06/09/2020 |  |
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| Recession In U.S. Began in February | The U.S. officially entered a recession in February, marking the end of the 128-month expansion that was the longest in records reaching back to 1854.  The Dow Jones industrial Average rose 461 points on Monday, up 1.7% and just 6.7% shy of its February highs. And after falling in early trading, the Nasdaq rose 1.1%, posting its first record close since February.  The probable duration of the recession is a matter of debate among economists… | The Wall Street Journal | 06/09/2020 | Kate Davidson |
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| Nasdaq Surges to Record Level, S&P 500 Turns Positive for Year | Stocks rose Monday on growing optimism over the pace of the economic recovery, pushing the Nasdaq Composite to its first record close in nearly four months and the S&P 500 into positive territory for the year.  Energy stocks also got a boost after the Organization of the Petroleum Exporting Countries struck a deal over the weekend to extend production cuts through July.  The Dow Jones Industrial Average added 461.46 points, or 1.7%, to 27572.44, and the S&P 500 500 gained 3846 points, or 1.2% to 3232.39, leaving the broad index up nearly 0.1% over its 2019 close. | The Wall Street Journal | 06/09/2020 | Michael Wursthorn and Anna Isaac |
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| White House to Back New Aid, Hassett Says | A top economic adviser to President Trump said the White House would definitely support another round of aid to shore up the economy as U.S. businesses begin to reopen amid the coronavirus pandemic.  White House economic adviser Kevin Hassett said Tuesday the odds of a Phase Four stimulus package “are very, very high”…  Congress has approved more than $3.3 trillion in aid in recent months. | The Wall Street Journal | 06/10/2020 | Paul Kiernan |
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| Risk Theory Bullish on Value | Merely narrowing the vast gap between the valuation of cheap and expensive stocks would give value investors a decent return.  If things continue to improve, the risks for value stocks will continue to drop, allowing them to outperform.  Bond yields joined in this month, rising sharply, and value stocks soared. This was a classic cyclical rally.  Growth – the opposite of value – is dominated by tech.  The efficiency theory holds that value stocks must be riskier to justify higher returns. | The Wall Street Journal | 06/10/2020 | James Mackintosh |
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| What’s News | ♦ The Nasdaq hit a second straight record after briefly topping 10000 for the first time, gaining 0.3%. The Dow and S&P 500 fell 1.1% and 0.8%, respectively. | The Wall Street Journal | 06/10/2020 |  |
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| Fed Plans To Keep Rates at Low Level For Years  *Unemployment in fourth quarter is forecast at about 10% amid economic damage* | “We are strongly committed to using our tools to do whatever we can and for as long as it takes to provide some relief and stability,” Fed Chairman Jerome Powell said Wednesday…  In projections released Wednesday, most of the 17 Fed officials who participate in the rate-setting meetings see the unemployment rate averaging between 9% and 10% during the last three months of the year. That would be down from 13.3% in May but still well above the 3.5% level of February.  Stocks were little changed, with the S&P 500 index closing down 17 points, or 0.5%, at 3190.14 after initially rallying following the fed’s statement. | The Wall Street Journal | 06/11/2020 | Nick Timiraos |
|  | Officials made one policy change Wednesday by saying they would maintain their recent pace of purchases of Treasury and mortgage securities, effectively ending gradual weekly reductions. |  |  |  |
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| What’s News | ♦ The Nasdaq closed above 10000 for the first time, rising 66.59 points, or 0.7%, while the Dow fell 1% and the S&P 500 gave up 0.5%. | The Wall Street Journal | 06/11/2020 |  |
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| Dow Falls 1,800 on Virus Worries  *Investors seek safety, sending stocks to worst day in months; ‘It was a wake-up call’* | Growing fears of a surge in coronavirus infections sent the stock market failing Thursday, pulling the Dow Jones Industrial Average down more than 1,800 points, or 6.9%, for its worst day since March.  Stocks have risen, with the S&P 500 turning positive for the year as recently as Monday.  But in the past few days, investors have gotten more signs that the smooth reopening they have been hoping for might be increasingly difficult to achieve…  U.S. coronavirus cases have topped two million, with the death toll climbing past 113,000, according to data compiled by Johns Hopkins University . | The Wall Street Journal | 06/12/2020 | Akane Otani and Caitlin Ostroff |
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| Fed Looks to Put Cap on Treasury Yields | Investors are preparing for the Federal Reserve to tap a policy tool untouched since the aftermath of World War II, a move that could change how key financial markets behave and give an even bigger boost to the stock market’s best performers.  Members of the Fed are embracing the idea of putting caps on government bond yields. The Fed would buy Treasurys in whatever amount necessary to keep borrowing costs from getting above a specific range or maximum yield. It last introduced yield caps during the 1940s, when the Treasury needed help financing war expenditures, exiting them in 1951.  The Fed has offered trillions of dollars to quell the economic shock of the coronavirus shutdown. The caps would be a way to make sure those efforts aren’t undermined by rising yields.  Such caps are also known as yield-curve control since the central bank takes control from the market in determining both short-term and longer-tern bond yields.  In theory, capped yields, combined with a rebound in growth and inflation, would make it unattractive to own bonds.  Skeptics of yield curve control content that artificially holding down yields removes a key function of bond markets: Investors demand higher yields when they think prices will rise in the future.  Some investors fear the Fed turning off that mechanism could distort prices in debt and derivatives markets, as well as the stock market, which take their cue from Treasurys. | The Wall Street Journal | 06/12/2020 | Caitlin Ostroff and Sebastian Pellejero |
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| Stocks Gain Strength, but Finish Week Lower | U.S. stocks recovered some lost ground Friday…  In the end, the Dow gained 477.37 points, or 1.9%, to close at 25605.54, clawing back some losses from Thursday, when it slid 6.9% on jitters about an uptick in coronavirus cases and the pace of the recovery.  The S&P 500 rose 39.21 points, or 1.3%, to 3041.31.  The optimism reflected in equities has been at odds with data signaling that the pace of the recovery following the pandemic will likely be slow and uneven. | The Wall Street Journal | 06/13-14/2020 | Alexander Osipovich and Avantika Chilkoto |
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| Retreat in Treasury Yields Signals Economic Woes | A selloff in U.S. government bonds that pushed yields to the highest levels since March petered out almost as quickly as it started, a sign economic pessimism and aggressive monetary stimulus remain powerful forces suppressing longer-term interest rates.  The yield on the benchmark 10-year U.S. Treasury note dropped back below 0.7% this past week… | The Wall Street Journal | 06/13-14/2020 | Julia-Ambra Verlaine and Sam Goldfarb |
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| Global Economy Faces Steep Climb to Recover | Economic numbers coming in from around the world are laying bare a stark truth: April was a crippling month.  “The key point is we will lose a massive amount of global output. It would be illusory to think we can freeze and defreeze the global economy without consequences,” said Jérôme Jean Haegeli, Swiss Re’s chief economist. | The Wall Street Journal | 06/13-14/2020 | Paul Hannon |
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| China Regains Top Spot In Trade With U.S. | China has retaken its mantle as the U.S.’s largest trading partner, emerging as a rare bright spot for U.S. farmers and other exporters as the coronavirus pandemic constrains global commerce.  The jump followed the signing of a trade pact in January in which China agreed to sharply step up purchases of U.S. farm products and other goods.  U.S.-China trade remains well below the record $61.4 billion set in October 2018, and economic fallout of the coronavirus pandemic has cast doubt on China’s ability to meet ambitious purchase targets set in the trade accord. | The Wall Street Journal | 06/15/2020 | Josh Zumbrun |
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| Rising Market Unsettles Skeptics  *Doubters of stocks’ advance are perplexed by the rally amid the economic downturn* | Some of these doubters have been bruised by the S&P 500’s 18% climb this quarter and are perplexed by what they deem a seismic disconnect between the battered economy and roaring financial markets. Hopes for a swift economic recovery following coronavirus lockdowns and historic stimulus measures by the world’s central banks have lifted stocks, pushing the technology-laden Nasdaq composite to a record last week.  Yet cynics say there are plenty of reasons to remain cautious.  In recent weeks. Prominent investors including billionaire Jeffrey Gundlach of Double-Line Capital LP and Scott Minerd, the global chief investment officer for Guggenheim Partners LLC, have publicly called stocks overvalued, only for them to continue ripping higher.  Some analysts say the cautious positioning actually means stocks could have further to climb as more investors are drawn into the market. Investors are holding high levels of cash that could be used to buy stocks… | The Wall Street Journal | 06/15/2020 | Amrith Ramkumar and Michael Wursthorn |
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| Yields on Treasurys Swing to a Gain After Early Drop | U.S. government-bond yields rose Monday, capping a session of wild swings after the Federal Reserve announced it would widen its efforts to support corporate credit markets.  The yields on the benchmark 10-year Treasury note fell to 0.666% during early trading before reversing course during the afternoon to settle at 0.701%, according to Tradeweb. Yields fall when bond prices rise.  Yields reversed their early decline after the Fed said it would begin buying individual U.S. corporate bonds in addition to the exchange-traded funds it has also been purchasing. Stocks also recovered losses following the announcement. | The Wall Street Journal | 06/16/2020 | Sebastian Pellejero |
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| Stocks Rebound on Fed Stimulus | The Dow Jones Industrial Average swung more than 1,000 points from its low to its high before closing up 157.62 points, or 0.6%, to 25763.16. Stocks within the blue-chip index and other major benchmarks got a boost after the Fed said it would expand its bond-buying program to include debt from individual companies.  The S&P 500 also flipped higher, advancing 25.28 points, or 0.8%, to 3066.59, while the Nasdaq Composite rose 137.21 points, or 1.4%, to 9726.02.  Still, analysts said the market continues to be stuck in a tug of war between investors who are concerned about a possible resurgence in coronavirus cases and the long-lasting impact economic shutdowns will have versus those who see stocks trading at depressed prices.  Technology stocks, including shares of Facebook and Netflix, notched modest gains to help pull the broader stock market higher. | The Wall Street Journal | 06/16/2020 | Michael Wursthorn and Anna Isaac |
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| Retail Sales Rebound By 17.7% | The month-to month, seasonally adjusted rise in retail sales was the biggest increase in records dating to 1992…  Still, retail spending last month remained below pre-pandemic levels, totaling $485.5 billion compared with $527.3 billion in February. High unemployment and a wave of small-business failures are seen damaging the economy long-term, Federal Reserve Chairman Jerome Powell said Tuesday at a Senate hearing. | The Wall Street Journal | 06/17/2020 | Harriet Torry and Sarah Nassauer |
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| Investors Flee Market volatility By Going to Cash | Grappling with the most economic uncertainty in decades and a head-spinning stretch of volatility in the U.S. stock market, many investors have rushed into money-market funds. Assets in the funds recently swelled to about $4.6 trillion, the highest level on record, according to data from Refinitiv Lipper going back to 1992.  Many investors, nervous about the economic downturn, are questioning if stocks have soared too far, too fast, and have chosen the safety of cash over investing in the market.  Anxiety surrounding the market’s run-up has been on display recently, with the S&P 500 plunging 5.9% on Thursday – its biggest drop since March – before swinging wildly on Friday and Monday. The index has surged 40% since late March and is off just 3.3% for the year. | The Wall Street Journal | 06/17/2020 | Gunjan Banerji |
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| Few Are Prepared for the Risk Of Inflation Era After Recession | A new inflationary era might be on the way, and if it is, the markets have got it completely wrong.  There are two standard cases for inflation. The simple case is easy to understand… | The Wall Street Journal | 06/17/2020 | James Mackintosh |
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| Retail Sales Lift Dow to 527-Point Gain | Stocks rallied on data showing consumer spending rebounded in May, the latest sign that the worst of the economic shock from the pandemic may have passed.  Retail sales rose 17.7% in May, according to data from the Commerce Department, marking a bounceback from a record slump in March and April during the depths of the pandemic. May’s jump was the biggest monthly increase in retail spending in records dating to 1992.  On Monday, U.S. stocks staged a sharp reversal as the Federal Reserve said it would broaden a program to purchase bonds of U.S. companies. | The Wall Street Journal | 06/17/2020 | Gunjan Banerji and Anna Hirtenstein |
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| Treasury Yields Rise In Volatile Session | U.S. government-bond yields swung wildly Tuesday amid conflicting signs a bout the pace of the global economic recovery from the coronavirus pandemic.  The yield on the benchmark 10-year Treasury note rose as high as 0.783% in early trading… | The Wall Street Journal | 06/17/2020 | Sebastian Pellejero |
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| Powell Warns About Quick Stimulus End | Federal Reserve Chairman Jerome Powell said recent economic improvement could be jeopardized if Congress curtailed support to workers displaced and businesses closed by the coronavirus pandemic.  Despite a gain in payrolls last month, Mr. Powell said 25 million workers remain dislodged from their jobs.  Congress faces deadlines this summer over how to address expiring provisions of relief measures for businesses and unemployed workers, following nearly $3 trillion in emergency spending earlier this year. | The Wall Street Journal | 06/18/2020 | Nick Timiraos |
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| Treasury Yields Fall On Rise in Infections | U.S. government bond prices edged higher Wednesday, reflecting continued anxiety among investors about the economy as some parts of the U.S. and China report an increase in coronavirus cases.  The yield on the benchmark 10-year U.S. Treasury note settled at 0.732%...  Yields, which fall when bond prices rise, have held to a relatively tight range in recent sessions after a spike in volatility earlier in the month. | The Wall Street Journal | 06/18/2020 | Sam Goldfarb |
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| Oil Prices Rise With Expectations Of Supply Cuts | Oil prices climbed Thursday, nearing their highest levels since early March with traders expecting supply cuts to help balance the crude market.  U.S. crude futures for delivery in July ended the day up 2.3% at $38.84 a barrel on the New York Mercantile Exchange. Prices have hovered just below $40 recently but have staged a weekslong recovery since briefly dropping below $0 for the first time ever in late April due to a lack of available storage. They started the year above $60.  Government data released Wednesday showed U.S. crude supply fell to 10.5 million barrels a day last week, down from a record above 13 million barrels a day hit earlier in the year.  Investors are closely watching supply in the U.S. and globally to see if producers start bringing back output, but so far, most large suppliers are sticking with curtailments to boost depressed energy markets.  Elsewhere in commodities, natural-gas futures ended the day unchanged at $1,638…  Still, tumbling demand for the power generation fuel has led to ballooning stockpiles, sending prices down 25% for the year and near multiyear lows. | The Wall Street Journal | 06/19/2020 | Amrith Ramkumar |
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| Wide Range of Stocks Helps Power Comeback | Highflying technology companies have helped the U.S. stock market claw back most of its losses for the year. Now, other stocks are carrying some of the load.  Some market-breadth indicators have hit new highs this month, a sign that the stock market’s comeback is widening after weeks of concentrated outperformance this spring from large-cap technology stocks. Finally, after brief periods of rotating leadership, a wider-ranging group of stocks is rising in lockstep.  Stocks from Clorox Co. to Eli Lilly & Co. to Danaher Corp. set highs last week, pulling the S&P 500 up 1.9% and trimming its losses for the year to 4.1%.  More than 97% of the stocks in the S&P 500 traded above their 50-day moving averages, a measure that analysts use to track momentum and breadth.  Investors who study breadth cite these metrics as evidence of the stock market’s momentum and suggest bigger gains could be ahead.  History show that when more than 90% of stocks in the S&P 500 rise above their 50-day moving averages – a rare occurrence, according to Ryan Detrick, senior market strategist at LPL Financial – it tends to be followed by a period of gains.  Many analysts say they were surprised to see the recovery broaden so quickly, after the S&P 500 plunged 34% in just over a month in February and March. | The Wall Street Journal | 06/22/2020 | Caitlin McCabe |
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| Demand for Haven Assets Lifts Gold | Gold prices rose Monday, nearing a new 7 ½ year high with a recent rise in coronavirus cases lifting demand for the haven metal.  Front-month gold futures for delivery in June rose 0.6% to $1,756.70 a troy ounce on the Comex division of the New York Mercantile Exchange, closing just below their highest level since October 2012. Prices are up 16% for the year, boosted by coronavirus-related economic uncertainty and expectations for ultralow interest rates. | The Wall Street Journal | 06/23/2020 | Amrith Ramkumar |
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| In a Sign of Recovery, Raw Materials Rally | Prices for raw materials including oil and copper are surging as the world economy reopens for business, a signal to many investors that global growth is returning more quickly than anticipated.  The recent gains come after coronavirus lockdowns dented commodity prices earlier in the year and are a boon for battered producers…  Investors closely watch commodities because their prices fluctuate based on real-time changes to supply and demand and momentum in the global manufacturing sector.  That means commodity prices tend to climb when factories are buzzing with activity… | The Wall Street Journal | 06/23/2020 | Amrith Ramkumar |
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| Nasdaq Outpaces Blue Chips, S&P 500 as Tech Stocks Rally | The divergence in the performance of the major U.S. stock indexes this year is the widest in more than a decade.  A surge in big technology stocks has helped the Nasdaq Composite rally 13% in 2020, while the Dow Jones Industrial Average of blue-chip stocks is down 8.3%. The benchmark S&P 500 is hovering in between them, off 3.1%  One explanation for the gap is returns: A handful of growth stocks that have surged this year have an outsize influence on the Nasdaq and the S&P 500. Apple Inc., Microsoft Corp., Amazon.com Inc., Google parent Alphabet Inc. and Facebook Inc. together account for about 40% of the Nasdaq and 20% of the S&P. Of those stocks, only Apple and Microsoft are in the Dow. | The Wall Street Journal | 06/24/2020 | Karen Langley |
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| Global Economy Shows Some Positive Signs | The global economy is gradually pulling out of its stall as businesses reopen after pandemic-induced lockdowns, with output contracting at a slower pace in the U.S., Europe and Asia this month, according to surveys of purchasing managers.  The firm’s U.S. purchasing managers index for manufacturing was 49.6 and its services index was 46.7 in June, in both cases the highest reading in four months.  A level below 50 points to a decline in activity, while a reading above that mark points to an increase.  The data could be a sign that the sharp drop in economic activity that started in March, when coronavirus cases began to rise, could be bottoming out. Still, the U.S. economy will likely remain weaker than it was at the beginning of the year for some time.  The composite PMI for France rose to 51.3 in June from 32.01 in May, indicating an expansion in private-sector activity for the first time since February.  But the surveys also recorded continued declines in activity in countries that imposed softer lockdowns, including Germany and Japan.  Some U.S. companies reported a pickup in demand in June and said they were able to pass on higher input costs to their customers. | The Wall Street Journal | 06/24/2020 | Paul Hannon and David Harrison |
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| Europe’s Markets Might Be Too Cheerful | Economic growth now seems set to return this summer. The Euro Stoxx 50 index gained almost 2% Tuesday, having consistently outperformed the S&P 500 for over a month now.  The fact that this contraction was smaller than expected isn’t the same thing as a return to growth.  Europe has strengths. Jobless rates have remained low, as government support measurers kept people formally employed while furloughed or on reduced work hours.  European stocks are priced to reflect a return to 2019 levels of corporate profit in early 2021. The interim period is dangerous, said Didier Borowski, head of macroeconomic research at Amundi, Europe’s largest money manager. | The Wall Street Journal | 06/24/2020 | Jon Sindreu |
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| Virus Spread Accelerates Across U.S.  *Faster growth rate is uneven and isn’t solely attributable to testing; early hot spots improve* | Thirty-three states, from Oklahoma to South Carolina and Washington, had a seven-day average of new cases on Tuesday that was higher than their 14-day average, according to a Journal analysis of Johns Hopkins University data. | The Wall Street Journal | 06/25/2020 | Sarah Krouse, Anthony DeBarros and Brianna Abbott |
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| Fears of New Lockdown Hammer Stocks  *Businesses vulnerable to pandemic impact like cruise lines are particularly hard hit* | Stocks tumbled as pockets of coronavirus infections emerged around the U.S., intensifying fears that officials would have to reinstate lockdown measures.  The reports have raised concerns that a nascent economic recovery may be in jeopardy.  The Dow Jones Industrial Average fell 716.16 points, or 2.7%, to 25445.94. The S&P 500 declined 80.96 points, or 2.6%, to 3050.33, and the Nasdaq Composite lost 222.20 points, or 2.2%, to 9909.17.  Elsewhere, European stocks dropped, with the Stoxx Europe 600 falling 2.8%.  Also weighing on stocks, the U.S. said it was considering imposing tariffs on $3.1 billion of products from the U. K., France, Germany and Spain.  Economists at the International Monetary Fund said Wednesday that the global economy will contract 4.9% in 2020, worse than its previous forecast of a 3% contraction. | The Wall Street Journal | 06/25/2020 | Joe Wallace and Akane Otani |
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| Models Support Case Stocks Are Undervalued | Stripping out the equations, the argument is that the current price anticipates future earnings or dividends, with a discount applied to reflect both the cost of money and the risks. The lower the discount rate, the higher the future value of earnings. And the cost of the money part of the discount rate – in essence the bond yield – has never been lower.  Christopher Rossbach, chief investment officer of London fund manager J. Stern & Co., says this more than justifies the high valuations of stocks with reliable dividends and solid, if unspectacular, growth…  Small changes in interest rates have a much bigger impact on the models when rates are low, making earnings far in the future matter more for stock prices.  Assuming that the U.S. economy can overcome the rising infection rates in Southern states, a falling risk premium could combine with continued cheap money from the Fed to support much higher valuations. | The Wall Street Journal | 06/26/2020 | James Mackintosh |
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| Banks Ignite Late Turnaround for Stocks | No clear catalyst propelled stocks out of their rocky stretch. But big gains across the financial sector supported benchmarks throughout the session, and many of those stocks extended their rallies into the close. Those shares got a boost after the Federal Deposit Insurance Corp. voted to reduce the amount of cash that banks must set aside as collateral to cover potential losses on swap trades.  The Dow Jones Industrial Average gained 299.66 points, or 1.2%, to 25745.60…  The S&P 500 added 33.43 points, or 1.1% to 3083.76, and the Nasdaq composite advanced 107.84 points, or 1.1%, to 10017. | The Wall Street Journal | 06/26/2020 | Michael Wursthorn and Avantika Chilkoti |
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| Fed Sets Caps on Bank Payouts Amid $700 Billion Loss Threat | The Federal Reserve said a prolonged economic downturn could saddle the nation’s biggest banks with as much as $700 billion in losses on soured loans and ordered them to cap dividends and suspend share buybacks to conserve funds. | The Wall Street Journal | 06/26/2020 | Ben Eisen and Andrew Ackerman |
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| New Jobless Claims Hold at High Level, Signaling Long Slog | The number of workers seeking jobless benefits has held steady at about 1.5 million each week so far in June, signaling a slow recovery for the U.S. economy as states face new infections that could impede hiring and consumer spending.  Meanwhile, the number of people receiving benefits, an indicator for overall layoffs, totaled 19.5 million in the week ended June 13, down slightly from previous weeks. | The Wall Street Journal | 06/26/2020 | Sarah Chaney |
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| Consumer Spending Rises Sharply, But Virus Surge Threatens Rebound | Household spending on roods and services rose a record 8.2% in May, the government said Friday. That was more than double the prior all-time high on records dating from 1959. Americans spent big on long-lasting items like cars, refrigerators and sofas.  The report boosted hopes that a good portion of consumers are eager and able to spend despite historically high unemployment.  But is also showed just how far the economy has to go to recover from what economists have already labeled a deep recession caused by the pandemic. Consumer spending remained down 12% from February, when state and city officials ordered businesses to shut to prevent the virus’s spread.  But the federal stimulus package, coupled with the urge among many Americans to get out and spend after months of being cooped up, is likely helping the economy grow again.  One Factor is cheap money. The Federal Reserve has lowered its benchmark interest rate to near zero, and consequently, the cost of borrowing for thins like home, cars, furniture and other big-ticket items has dropped to historic lows. | The Wall Street Journal | 06/27-28/2020 | Josh Mitchell |
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| China Wields Trade to Press U.S. | Beijing has begun quietly delivering a message to Washington: U.S. pressure over matters China considers off limits could jeopardize Chinese purchases of farm goods and other U.S. exports under the phase one trade deal. | The Wall Street Journal | 06/27-28/2020 | Lingling Wei and Bob Davis |
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| Shares Fall With News Of Virus Spreading | The Dow Jones Industrial Average dropped more than 700 points and limped to a weekly loss as daily coronavirus infections rapidly increased, fanning investors worries about a slowdown in the economy’s reopening.  The Dow lost 730.05 points, or 2.8%, to 25015.55,…  The S&P 500 fell 74.71 points, or 2.4%, to 3009.05. The Nasdaq Composite shed 259.78 points, or 2.6%, to 9757.22.  The Dow and S&P 500 lost 3.3% and 2.9%, respectively, this week. The Tech-heavy Nasdaq fell 1.9%.  Investors have been closely tracking the spread of the virus. U.S. stocks have soared more than 30% from their lows in March, boosted by the prospect of an economic reopening and the Federal Reserve’s stimulus package.  “This market is an extremely headline driven market,” said Peter Giacchi, who heads Citadel Securities’ designed market maker floor trading.  In bond markets, the yield on the 10-year U.S. Treasury edged down for the third consecutive week to 0.636%, from 0.674% Thursday. Yields fall as bond prices rise.  Still, some remain optimistic about the broader reopening and recent data has been encouraging.  …U.S. consumer spending rose 8.2% in May after seeing a record drop in April, reflecting looser restrictions on businesses, federal stimulus and stepped-up unemployment payments.  Rising U.S. crude inventories could hamper the recovery in oil prices. And analysts also worry that fuel consumption will remain tepid during the pandemic. | The Wall Street Journal | 06/27-28/2020 | Gunjan Benerji, Caitlin Ostroff and Alexander Osipovich |
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| Pioneer In Shale Industry Files for Chapter 11  *Chesapeake, once the second-largest U.S. gas producer, is latest to fall in energy rout* | Chesapeake is the latest debt-laden U.S. oil and gas producer to file for bankruptcy, as a coronavirus induced economic slowdown saps demand for fossil fuels. More than 200 shale companies might file for bankruptcy over the next two years if oil and gas prices stay around current levels, analysts said. | The Wall Street Journal | 06/29/2020 | Rebecca Elliott |
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| What’s News | ♦ U.S. stocks climbed, with the Dow, S&P 500 and Nasdaq gaining 2.3%, 1.5% and 1.2%, respectively. | The Wall Street Journal | 06/30/2020 |  |
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|  | **DJIA** 25595.80 ▲ 580.25 2.3%  **NASDAQ** 9874.15 ▲ 1.2%  **STOXX 600** 359.89 ▲ 0.4%  **10-YR. TREAS**. Unch.,, yield 0.636%  **OIL** $39.70 ▲ $1.21  **GOLD** $1,774.80 ▲ $1.50 | The Wall Street Journal | 06/30/2020 |  |

“Man’s capacity for justice makes democracy possible; but man’s inclination to injustice make democracy necessary.” Reinhold Niebuhr

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