The Bottom Line

- U.S. stocks and government bond yields fell Friday, closing another week of declines, after new data showed the pandemic taking an increasingly heavy toll on the health of Americans and the U.S. economy.
- After one of its best weekly rallies ever last week, the S&P 500 fell -2.1% this week and is down -23% for 2020. In fact, all major asset classes were negative for the week with real estate, small caps, and value hardest hit.
- Ink on the CARES Act is barely dry but lawmakers are already talking about another “phase four” relief package. The Fed is also exploring additional ways to support financing for state and local governments.

More coronavirus measures instituted

More states implemented stay-at-home measures this week and the White House extended its guidelines for social distancing through the end of April instead of the originally suggested Easter weekend. Those changes come in a week where their impact to the economy became stunningly clear, and grim. As discussed on the next page, this week brought an ADP jobs report, weekly unemployment claims, and the March monthly jobs report that were just abysmal. Purchase Managers Surveys (PMIs) for both manufacturing and services also showed sharp declines – some of the largest on record. Worse is that all that data is expected to deteriorate even more in subsequent reports as the extended social distancing timelines, and the more widespread stay-at-home lockdowns, take effect. And data overseas is as bad or worse. With that as the backdrop, it is no surprise that Washington is already discussing a “phase four” relief package even though the $2.2 trillion CARES Act is just barely beginning to be implemented. Please see the April 1 and April 3 webinar replays for more information on the CARES Act. Links to the replays and other information are at our COVID-19 Support Center at https://qualifiedplanadvisors.com/coronavirus/.

Digits & Did You Knows

WHEN THE BEAR BOTTOMS: On 3/23/20 the S&P 500 was -34% from the all-time closing high set on 2/19/20, marking the current bottom of the index’s 12th bear market since the end of WWII. The average return for the S&P 500 in the first-year following the bear market low close in the previous 11 bear markets is +39.2%, more than 3 times the +12.6% average gain in the 2nd year following the bear market low close (source: BTN Research).

FORGIVEN: About $350 billion of the $2.2 trillion CARES relief package is for small businesses that have less than 500 employees in the form of loans that will be forgiven if used for payroll and rent (source: CARES, BTN Research).

Market Snapshot	Index Level	1-week Price Return	2020 Price Return
EQUITIES			
S&P 500	2,488.65	**-2.08%**	**-22.97%**
Nasdaq Composite	7,373.08	**-1.72%**	**-17.83%**
Russell 2000	1,052.05	**-7.06%**	**-36.95%**
Nikkei-225 (Japan)	17,820.19	**-8.09%**	**-24.67%**
STOXX Europe 600	309.06	**-0.59%**	**-25.68%**
RATES			
2-Year UST Note	0.23	-1 bps	-134 bps
10-Year UST Note	0.59	-8 bps	-132 bps

Financial Fitness for Life℠

April 3, 2020

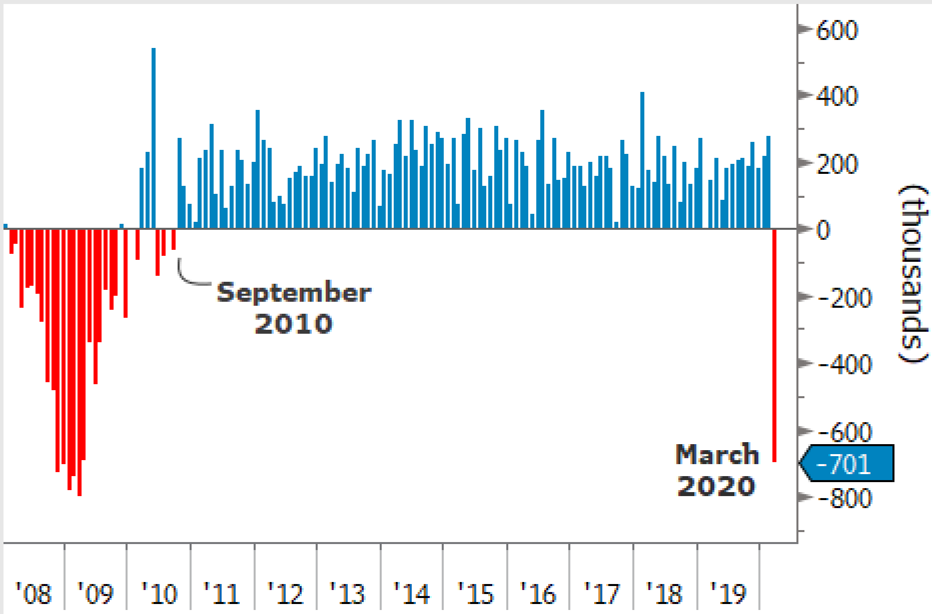
WEEK IN REVIEW

Chart of the Week

Last week we shared the ugly record spike in unemployment claims, which at 3.3 million filings, crushed the previous record of 695,000 in 1982. This week's **unemployment claims** were even higher, more than doubling last week's level to a new record of 6.65 million new filings. Friday brought a glimpse of how the weekly unemployment filings will work their way into the monthly nonfarm payroll report and unemployment rates. As seen in this week's chart, **March payrolls** fell -701,000 while the **unemployment rate** rose to 4.4% from 3.5%. The is despite the report reflecting data only through only through March 12, before many state stay-at-home orders were instituted. It was the first decline in payrolls since September 2010 and came close to the May 2009 financial crisis peak of 800,000. Unfortunately April's report will be worse.

Unemployment Situation Goes From Bad To Worse

U.S. unemployment rate surges, jobs growth streak broken



Source: Bloomberg, Bureau of Labor Statistics.

Economic Rundown

***EDITOR'S NOTE:** Economic data will be materially impacted for months to come as businesses are shut down and citizens follow stay-at-home policies. Thus economic data will be denoted as pre- or post- COVID-19 for the foreseeable future.*

Pre-peak COVID-19:

- **Pending Home Sales** were up +2.4% in February, but expect demand to slide in the coming months. Pre-coronavirus, the **CoreLogic S&P/Case-Shiller US National Home Price Index** increased +0.5% in January.

Post COVID-19:

- **Construction Spending** dropped -1.3% in February, the most since October 2018.
- **ISM Manufacturing** fell -1.0 point to 49.1 in March. That beat expectations, but the contraction was broad-based across indicators, implying a deepening recession. **ISM Services** activity also sunk, -4.8 point, to 52.5. The separate **Markit Manufacturing PMI** fell -2.1 points in March to 48.5, the lowest since August 2009. **Markit Services PMI** dropped -9.6 points, to 39.8, a record decline and a record low level.
- The **Conference Board's Consumer Confidence Index** plunged -12.6 points in March, the most since August 2011, to 120.0, its lowest level since July 2017
- The **Texas Manufacturing Business Activity Index** sunk an unprecedented -71.2 points to -70.0, a record low. The Chicago Business Barometer fell -1.2 points in March to 47.8, its ninth month in contraction territory.

The Week Ahead

Monday	• N/A
Tuesday	• JOLTS Job Openings • Consumer Credit
Wednesday	• MBA Mortgage Applications • FOMC Meeting Minutes
Thursday	• Jobless Claims • Producer Price Index (PPI) • Wholesale Inventories & Trade
Friday	• U. of Michigan Consumer Sentiment • Consumer Price Index (CPI) • Monthly Budget Statement

April 3, 2020

Asset Class Performance

WEEK IN REVIEW

The Importance of Diversification. From period to period there is no certainty what investment will be the best performer… or the worst. Diversification mitigates the risk of relying on any single investment and offers a host of long-term benefits, such as lowering portfolio volatility, improving risk-adjusted returns, and helping investments to compound more effectively.

	Monday	Tuesday	Wednesday	Thursday	Friday	WEEK
High	Large Growth 3.44	Emg Markets 0.68	U.S. Bonds -0.34	Emg Markets 3.37	U.S. Bonds 0.07	U.S. Bonds -0.29
	Mid Growth 2.91	U.S. Bonds -0.27	Intl Bonds -1.17	Large Value 2.42	Intl Bonds -0.29	Emg Markets -0.66
	Large Value 2.84	Small Value -0.58	High Yield Bond -2.73	Intl Equity 1.96	60/40 Allocation -1.32	Intl Bonds -2.03
	Small Growth 2.52	Small Growth -0.72	60/40 Allocation -3.20	Large Growth 1.87	Large Growth -1.55	Large Growth -2.13
	Intl Equity 2.02	High Yield Bond -0.80	Emg Markets -4.28	Small Growth 1.30	Real Estate -1.56	60/40 Allocation -2.69
	Real Estate 1.99	60/40 Allocation -0.84	Large Growth -4.31	60/40 Allocation 1.23	Large Value -1.61	Large Value -3.03
	Mid Value 1.83	Intl Equity -0.87	Intl Equity -4.43	Mid Growth 1.05	Mid Growth -1.82	Intl Equity -3.71
	Emg Markets 1.65	Intl Bonds -1.05	Mid Growth -4.52	Mid Value 0.96	Emg Markets -1.90	High Yield Bond -4.02
	Small Value 1.56	Large Growth -1.41	Large Value -4.70	High Yield Bond 0.78	High Yield Bond -2.14	Mid Growth -4.45
	60/40 Allocation 1.51	Mid Value -1.79	Mid Value -5.37	Small Value 0.74	Mid Value -2.17	Small Growth -6.30
	High Yield Bond 0.86	Large Value -1.82	Real Estate -6.60	Real Estate 0.43	Intl Equity -2.28	Mid Value -6.54
	Intl Bonds 0.51	Mid Growth -1.98	Small Value -6.68	U.S. Bonds 0.15	Small Growth -2.49	Small Value -8.37
Low	U.S. Bonds 0.10	Real Estate -2.84	Small Growth -6.80	Intl Bonds -0.03	Small Value -3.48	Real Estate -8.49

Source: Bloomberg. Asset-class performance is presented by using market returns from an exchange-traded fund (ETF) proxy that best represents its respective broad asset class. Returns shown are net of fund fees for and do not necessarily represent performance of specific mutual funds and/or exchange-traded funds recommended by the Prime Capital Investment Advisors. The performance of those funds may be substantially different than the performance of the broad asset classes and to proxy ETFs represented here. U.S. Bonds (iShares Core U.S. Aggregate Bond ETF); High-Yield Bond (iShares iBoxx $ High Yield Corporate Bond ETF); Intl Bonds (SPDR® Bloomberg Barclays International Corporate Bond ETF); Large Growth (iShares Russell 1000 Growth ETF); Large Value (iShares Russell 1000 Value ETF); Mid Growth (iShares Russell Mid-Cap Growth ETF); Mid Value (iShares Russell Mid-Cap Value ETF); Small Growth (iShares Russell 2000 Growth ETF); Small Value (iShares Russell 2000 Value ETF); Intl Equity (iShares MSCI EAFE ETF); Emg Markets (iShares MSCI Emerging Markets ETF); and Real Estate (iShares U.S. Real Estate ETF). The return displayed as "Allocation" is a weighted average of the ETF proxies shown as represented by: 30% U.S. Bonds, 5% International Bonds, 5% High Yield Bonds, 10% Large Growth, 10% Large Value, 4% Mid Growth, 4% Mid Value, 2% Small Growth, 2% Small Value, 18% International Stock, 7% Emerging Markets, 3% Real Estate.