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## More Coronavirus Volatility

Weekly Update – March 23, 2020

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### **The Week on Wall Street**

The stock market suffered through another volatile week as it wrestled with the health and economic fallout of the domestic spread of the coronavirus. Swift and decisive actions by the Federal Reserve and policy responses from the federal government did not keep stocks from recording losses for the week.

The Dow Jones Industrial Average slumped 17.3%, while the Standard & Poor 500 lost 14.98%. The Nasdaq Composite index declined 12.64% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, fell 6.64%.<sup>1,2,3</sup>

### **Stocks Slide Further**

The stock market continued its retreat amid fears of a darkening economic impact from the coronavirus pandemic. Despite a Sunday night announcement by the Federal Reserve that it was cutting its benchmark interest rate by 100 basis points to nearly zero and taking steps to increase market liquidity, stocks opened the week sharply lower, setting the stage for another difficult week for investors.<sup>4</sup>

Progress was reported on coronavirus testing capacity and on the efforts to combat the infection. At the same time, Washington, D.C., advanced legislation to provide financial assistance to unemployed workers and affected businesses. Neither did much to help investor anxieties, however. Stocks slid in the closing hours of the trading week, leaving stock indices near their lows of the week.<sup>5</sup>

### **Central Bankers Go Big**

The response of global central bankers to mitigate the economic impact of the coronavirus has been broad ranging. In addition to its 100 basis point cut in the federal funds rate, the Federal Reserve also took actions to provide additional credit access to banks, committed to buy at least \$700 billion in Treasury and mortgage bonds, and set up a new lending facility to backstop money market funds.<sup>6</sup>

The European Central Bank also announced an \$800 billion-plus bond buying program to support member economies. The Bank of England cut its benchmark lending rate to 0.1% and pledged to buy over \$200 billion in government and investment grade corporate bonds, while the Bank of Japan said that it would double its purchases of stocks and increase loans to businesses.<sup>7,8,9</sup>

## **Final Thought**

Investors are struggling with answers to two unknowns: the trajectory of the coronavirus spread and its economic cost. With coronavirus testing beginning to ramp up, these numbers may begin drawing a firmer picture of the growth of coronavirus infections in the U.S. Economic indicators, such as jobless claims for unemployment insurance and the Index of Leading Economic Indicators, may provide clues regarding the economy.

## **THE WEEK AHEAD: KEY ECONOMIC DATA**

**Tuesday:** New Home Sales.

**Wednesday:** Durable Goods Orders.

**Thursday:** 4th-quarter GDP (Gross Domestic Product) Report. Jobless Claims for Unemployment.

**Friday:** Consumer Sentiment.

Source: Econoday, March 20, 2020

The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

## **THE WEEK AHEAD: COMPANIES REPORTING EARNINGS**

**Tuesday:** Nike (NKE), Carnival Corp. (CCL)

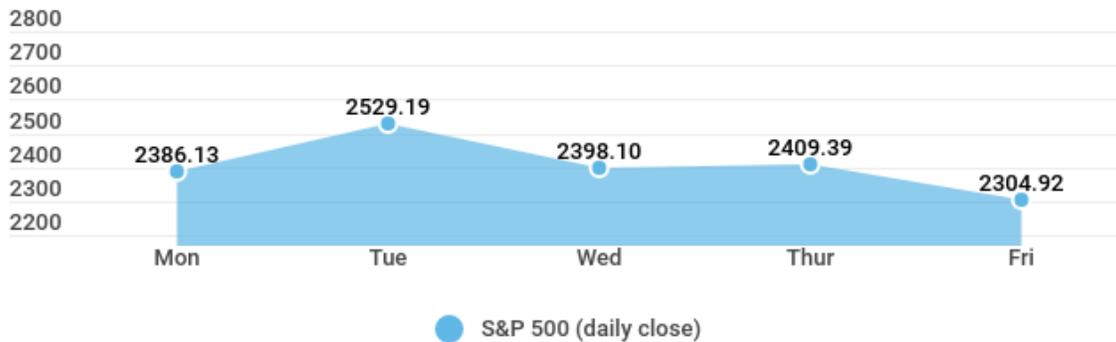
**Wednesday:** Micron Technologies (MU)

**Thursday:** Lululemon (LULU), KB Home (KBH)

Source: Zacks, March 20, 2020

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Any investment should be consistent with your objectives, time frame and risk tolerance. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

Market Index	Close	Week	Y-T-D
DJIA	19,173.98	-17.30%	-32.81%
NASDAQ	6,879.92	-12.64%	-23.33%
MSCI-EAFE	1,382.01	-6.64%	-32.15%
S&P 500	2,304.92	-14.98%	-28.66%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.88%	-0.11%	-1.04%

Sources: The Wall Street Journal, March 20, 2020; Treasury.gov, March 20, 2020

The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite is measured from the close of trading on Friday, March 13 to the Friday, March 20 close. Weekly performance for the MSCI-EAFE is measured from the Friday, March 13 open to the Thursday, March 19 close. U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points. International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

## QUOTE OF THE WEEK



*“Decide what you want to do. Then decide to do it. Then do it.”*

– William Zinsser



## Lemon Pound Cake



Serves 8 to 10

### Ingredients:

- 1½ cups all-purpose flour
- ½ tsp. baking powder
- ½ tsp. salt
- ¾ cup unsalted butter, room temperature
- 1 cup sugar
- 3 large eggs, room temperature
- ¼ cup sour cream, room temperature
- 3 Tbsp. fresh lemon juice
- Zest of 1 lemon
- 1 tsp. vanilla extract

### Directions:

1. Preheat oven to 350° F with rack in the bottom-third.
2. Grease a loaf pan.
3. Mix flour, baking powder, and salt, then set aside.
4. Using mixer, beat butter until smooth.
5. Add sugar and beat with butter for 2 minutes.
6. Add eggs, one at a time, with mixer at low setting.

7. Beat in sour cream, lemon juice, lemon zest, and vanilla extract.
8. Once added, beat at medium-high until combined.
9. Move to low speed and add flour mixture, beat until fully mixed.
10. Turn up to high speed to remove any lumps, but don't overmix.
11. Pour batter into loaf pan and bake for 45 to 60 minutes.
12. Test cake with toothpick to see when cake is done.
13. Optional: poppyseeds. Add them on top of the batter once it's in the loaf pan before placing it in the oven.

Recipe adapted from [sallysbakingaddiction.com](http://sallysbakingaddiction.com)<sup>10</sup>



### **Planning A Wedding? Remember These Tax Tips**

If you or someone you love is getting married, keep these important tax issues in mind. Taking care of them now can help reduce your stress at tax time.

**Change names:** IRS rules require that the names and Social Security numbers on your tax return match your Social Security Administration records. To formally change your name, file Form SS-5, "Application for a Social Security Card," with the Social Security Administration.

**Change filing status:** If you're married on or before December 31, you are considered married for the whole year as far as tax purposes are concerned. You and your spouse can choose to file your federal income tax return either jointly or separately each year. You may want to ask a tax professional to run the numbers and see which status results in the lowest tax liability.

For more information about filing taxes as a newlywed, consult a tax professional in your area.

\* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from [IRS.gov](http://IRS.gov)<sup>11</sup>



### **A Wright Way to Work on Driving Distance**

Mickey Wright is justifiably regarded as one of the greatest golfers of all time. The superstar of the LPGA Tour during the late 1950s and 1960s, she won 82 tournaments during her career, and she was known for her prodigiously long drives.

Wright believed that the key to hitting it long off the tee was in the right foot. In particular, she felt that weight placed on the right foot during the swing should never stray from the instep. To reinforce that feeling, she would often tuck a golf ball under the outside spikes of her right shoe on the driving range. As she wrote in *Sports Illustrated*, “The immediate increase in distance using this gimmick is astonishing.” Try it for yourself.

Tip adapted from *Sports Illustrated*<sup>12</sup>



### **Finding Inner Peace Inside (and Indoors)**

Practiced for thousands of years, yoga has had a revival in the last couple decades. Yoga can be an optimal exercise choice for many individuals of all ages. But before getting started with any fitness regimen, make sure to discuss any medical concerns with your health care provider; this information is not a substitute for medical advice.

While there are many styles of yoga, most are considered low impact. But in addition to the fitness benefits, it can help you learn relaxation and breathing techniques as well as how to regulate emotions and quiet your mind. It’s also a great form of exercise to do indoors, and there are thousands of free classes on YouTube. So, if you’re still enduring the remnants of winter and practicing social distancing, you can practice “quieting your inner monologue,” doing yoga from the comfort of your own home.

Tip adapted from [MedicalNewsToday.com](http://MedicalNewsToday.com)<sup>13</sup>



## Gardening in the City

Do you live in a city or an apartment without a yard? That doesn't mean you can't create your very own garden.

If you have a rooftop to use or even a small yard, raised garden beds will do the trick. You can purchase premade garden beds, but building your own is easy too. Line the bottom with gravel and chicken wire to encourage drainage and discourage pests. Raised garden beds will save your back and knees, since you won't have to bend over too much to tend to your plants.

One of the easiest things to start growing is herbs. You don't have to have a green thumb or any yard space at all. Most herbs will flourish in a windowsill, and they're hardier than most plants. Plus, you'll have a delicious and easy way to season your meals right at your fingertips.

Tip adapted from Green America<sup>14</sup>

### ***Share the Wealth of Knowledge!***

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Investing involves risk including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values.

Diversification does not guarantee profit nor is it guaranteed to protect assets.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors.

The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The DJIA was invented by Charles Dow back in 1896.

The Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of stocks of technology companies and growth companies.

The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) that serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indices from Europe, Australia, and Southeast Asia.

The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

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You cannot invest directly in an index.

Consult your financial professional before making any investment decision.

Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

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<sup>1</sup> The Wall Street Journal, March 20, 2020

<sup>2</sup> The Wall Street Journal, March 20, 2020

<sup>3</sup> The Wall Street Journal, March 20, 2020

<sup>4</sup> CNBC.com, March 15, 2020

<sup>5</sup> CNBC.com, March 20, 2020

<sup>6</sup> The Wall Street Journal, March 19, 2020

<sup>7</sup> CNBC.com, March 19, 2020

<sup>8</sup> Pension & Investments, March 19, 2020

<sup>9</sup> Financial Times, March 16, 2020

<sup>10</sup> Sally's Baking Addiction, March 20, 2020

<sup>11</sup> IRS.gov, March 5, 2019

<sup>12</sup> Sports Illustrated, March 20, 2020

<sup>13</sup> Medical News Today, March 20, 2020

<sup>14</sup> Green America, March 20, 2020

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