

Last Week's Economic/Market Summary – April 27, 2020

Data

- U.S. equity benchmarks moved mostly lower last week.
 - S&P 500 -1.3% Dow -1.9%, Russell 2000 +0.3%, Nasdaq -0.2%¹
 - The All-Country World Index declined 1.59%.¹
 - S&P 500 sub-sectors were all lower with the exception on Energy.
 - Energy moved higher by 1.97%, but is still down over 42% year-to-date.¹
 - Real Estate & Utilities led to the downside.¹
 - The CBOE Volatility Index (VIX) declined 5.82% to end at 35.93.¹
- US Treasury bonds moved were mixed last week.
 - US 2yr +0.02% to 0.22%, US 10yr -0.04% to 0.60%, US 30yr -0.09% to 1.17%.¹
 - The bond market seems to be showing caution while US equities have moved higher.
- Commodities as an aggregate asset class moved lower by 11% last week.
 - WTI Crude dropped 6.73%.¹
 - Gold gained 2.62%.¹
 - The US Dollar index gained 0.45%.¹
- In our opinion, U.S. economic data was negative last week.
 - Unemployment claims increased by 4.4 million last week bringing the total to 26 million jobs lost in the past 5 weeks.¹
 - The Citigroup Economic Surprise Index dropped to its lowest level since 2008.¹
- An index of equities outside the US (MSCI EFA) lost roughly 1% last week.¹

¹ Source: Bloomberg – 4/24/20

Disclosures: The information provided in this paper is for general informational purposes only and should not be considered an individualized recommendation of any particular security, strategy or investment product, and should not be construed as investment, legal or tax advice. Capital Investment Advisory Services, LLC makes no warranties with regard to the information or results obtained by third parties and its use and disclaim any liability arising out of or reliance on the information. This information is subject to change and, although based on information that Capital Investment Advisory Services, LLC considers reliable, it is not guaranteed as to accuracy or completeness. Source information is obtained from independent financial data suppliers. For investment related terms definitions, please visit: www.investopedia.com Past performance is no guarantee of future results. Additional information about CIAS and its Form ADV Part 2A are available on the SEC's website at www.adviserinfo.sec.gov Advisory services through Capital Investment Advisory Services, LLC Securities may be offered through Capital Investment Group, Inc. Member FINRA/SIPC Both firms located at 100 E. Six Forks Rd. Suite 200, Raleigh, NC 27609 919-831-2370

Conclusion

- US equity markets moved mostly lower last week as extreme volatility in the oil market seemed to keep risk appetites in check.
 - S&P 500 -1.3% Dow -1.9%, Russell 2000 +0.3%, Nasdaq -0.2%²
 - The small-cap tracking Russell 2000 was the only positive major US index on the week.
 - Note that despite the weekly outperformance, the Russell 2000 has underperformed the Nasdaq by over 26% year-to-date.²
- S&P 500 sub-sectors were mostly lower last week.
 - The Energy sector was the only positive sector last week.
 - Utilities & Real Estate led to the downside with losses of 3.65% & 4.23% respectively.²
- All eyes were on Crude Oil this week as history was made when the US benchmark for oil futures contracts settled in negative territory for the first time.
 - May WTI futures contract collapsed to -\$37.63/barrel on Monday although the contract expired at \$10.01/barrel on Tuesday.²
 - We believe this happened as a result of demand crashing, production not being cut fast enough, and producers running out of places to store the oil they are pumping.
 - Additionally, we think the problem was accelerated by forced liquidations from margin calls, lack of storage, & liquidity issues.
 - Ironically, retail investors flooded into a popular oil ETF (USO) just as the price started to tumble, leaving many of them buying right before the instrument tumbled 32% on the week.²
 - We urge caution in attempting to “buy low” in this sector as things could get much worse before at some point getting better.
 - We remind investors that they don’t “have to be first” to participate in a future rebound in demand for crude.
- The Volatility Index (VIX) fell 5.82% on the week to end at 35.93.²
 - While the VIX has come down substantially from its highs, the current spike would be historically rare if it was not followed by a secondary spike within 4 months.
- All eyes will be on global central banks this week.
 - The Federal Reserve, Bank of Japan, & European Central Bank all convene this week for monetary easing decisions after being propelled to action by turmoil in the global markets.
 - We believe some add’l options they’ll discuss are: extending the quantitative easing, helping ease credit to troubled businesses and committing to rock-bottom rates for longer.
- S&P 500 constituents report earnings in mass this week.
 - 172 of the 500 companies report earnings this week, including 12 of the 30 Dow Jones Industrial Average components.²

Ryan A. Mummy, CFP®, AIF® - Chief Investment Officer

Contact: 828/855-9400 or info@CIASonline.com or rmummy@bloomberg.net

² Source: Bloomberg – 4/24/20

Disclosures: The information provided in this paper is for general informational purposes only and should not be considered an individualized recommendation of any particular security, strategy or investment product, and should not be construed as investment, legal or tax advice. Capital Investment Advisory Services, LLC makes no warranties with regard to the information or results obtained by third parties and its use and disclaim any liability arising out of or reliance on the information. This information is subject to change and, although based on information that Capital Investment Advisory Services, LLC considers reliable, it is not guaranteed as to accuracy or completeness. Source information is obtained from independent financial data suppliers. For investment related terms definitions, please visit: www.investopedia.com Past performance is no guarantee of future results. Additional information about CIAS and its Form ADV Part 2A are available on the SEC’s website at www.adviserinfo.sec.gov Advisory services through Capital Investment Advisory Services, LLC Securities may be offered through Capital Investment Group, Inc. Member FINRA/SIPC Both firms located at 100 E. Six Forks Rd. Suite 200, Raleigh, NC 27609 919-831-2370