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INCORPORATED

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## Market Week: May 11, 2020



### The Markets (as of market close May 8, 2020)

Investors continue to move toward stocks despite unfavorable economic data. New scientific and medical developments in the battle against COVID-19 offer hope. Last Monday saw stocks rebound from losses earlier in the day to close on a high note. Surging oil prices gave a boost to energy shares, which helped drive the market higher. Each of the benchmark indexes listed here closed Monday in the black.

The stock market continued to rally on Tuesday. Favorable earnings reports from some major companies, coupled with more states and foreign countries easing restrictions, offered encouragement to investors.

Stocks fell for the first time in three days on Wednesday as investors were hit with mixed earnings reports and worsening economic data. Treasury yields increased as bond prices fell. Crude oil prices, which had climbed following a decrease in production, also dropped for the first time in several days.

Despite claims for unemployment insurance benefits soaring past 22 million, stocks continued to climb last Thursday. Each of the three major indexes gained at least 1.5% for the day. In particular, the Nasdaq pushed ahead of its year-end value for the first time since early March.

Friday saw the release of the latest employment figures for April, which produced several historic statistics including the highest unemployment rate since the Great Depression. That news didn't stop investors from forging ahead as stocks rose again on Friday, closing the week on a sweet note. Each of the benchmark indexes listed here posted solid weekly gains, led by the Nasdaq, which is now more than 1.5% in front of its year-end value. The small caps of the Russell 2000 finished the week right behind the Nasdaq, followed by the S&P 500, the Dow, and the Global Dow. Despite sour economic news and the ongoing rise in COVID-19 cases and deaths, states continued to slowly reopen economies.

Crude oil prices continued to climb last week, closing the week at \$24.81 per barrel by late Friday afternoon, up from the prior week's price of \$19.71. The price of gold (COMEX) rebounded last week, closing at \$1,708.00 by late Friday afternoon, up from the prior week's price of \$1,707.60. The national average retail regular gasoline price was \$1.789 per gallon on May 4, 2020, \$0.016 higher than the prior week's price but \$1.108 less than a year ago.



#### Key Dates/Data Releases

5/12: Consumer Price Index, Treasury budget

5/13: Producer Price Index

5/14: Import and export prices

5/15: Retail sales, industrial production, JOLTS

## Stock Market Indexes

Market/Index	2019 Close	Prior Week	As of 5/8	Weekly Change	YTD Change
DJIA	28,538.44	23,723.69	24,331.32	2.56%	-14.74%
Nasdaq	8,972.60	8,604.95	9,121.32	6.00%	1.66%
S&P 500	3,230.78	2,830.71	2,929.80	3.50%	-9.32%
Russell 2000	1,668.47	1,260.48	1,329.64	5.49%	-20.31%
Global Dow	3,251.24	2,604.17	2,637.25	1.27%	-18.88%
Fed. Funds target rate	1.50%-1.75%	0.00%-0.25%	0.00%-0.25%	0 bps	-150 bps
10-year Treasuries	1.91%	0.64%	0.68%	4 bps	-123 bps

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

## Last Week's Economic News


- April saw employment fall by 20.5 million after falling 870,000 the previous month. The April decline is the largest in the history of the series (1939), and brought employment to its lowest level since February 2011. Job losses in April were widespread, with the largest employment declines occurring in leisure and hospitality (7.7 million), education and health services (2.5 million), professional and business services (2.1 million), retail trade (2.1 million), and arts, entertainment, and recreation (1.3 million). The labor force participation rate decreased by 2.5 percentage points over the month to 60.2%, the lowest rate since January 1973. Total employment fell by 22.4 million to 133.4 million. The employment-population ratio, at 51.3%, dropped by 8.7 percentage points, which is also the lowest rate and largest monthly fall in the series' history. In April, the unemployment rate increased by 10.3 percentage points to 14.7% — the largest monthly increase in the history of this series. Average hourly earnings increased by \$1.34 to \$30.01. The average workweek increased by 0.1 hour to 34.2 hours in April.
- The goods and services trade deficit expanded by \$4.6 billion, or 11.6%, in March over February. Exports fell by \$20.0 billion, or 9.6%, while imports dropped \$15.4 billion, or 6.2%. The March declines in imports and exports were, in part, attributable to the response to the COVID-19 pandemic, as many businesses were operating at a limited capacity or ceased operations altogether, and traveling was restricted. The next report for April will likely reflect the continued impact of the virus.
- The response to the virus also throttled the services sector. According to the latest Non-Manufacturing ISM® Report On Business®, the non-manufacturing sector contracted in April. Business activity dropped to its lowest level in the history of the survey. New orders and employment also fell dramatically.
- For the week ended May 2, there were 3,169,000 claims for unemployment insurance, a decrease of 677,000 from the previous week's level, which was revised up by 7,000. According to the Department of Labor, the advance rate for insured unemployment claims was 15.5% for the week ended April 25, an increase of 3.1 percentage points from the previous week's rate. The advance number of those receiving unemployment insurance benefits during the week ended April 25 was 22,647,000, an increase of 4,636,000 from the prior week's level, which was revised up by 19,000.

## Eye on the Week Ahead

More corporate earnings reports are available this week, the results of which are of definite interest to investors. Also, inflation indicators for April are available with the latest information on prices at the consumer and retail levels.

*Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e. wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be*





*relied on as financial advice. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.*

*The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indices listed are unmanaged and are not available for direct investment.*

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