WEEK IN REVIEW

May 29, 2020

The Bottom Line

- Global stocks notched a second straight week of strong gains, with most global headline indices up +3% or more. The gains were led for the second week by smaller stocks and value sectors like financials, real estate, and utilities.
- Markets are clearly seeing signs that the economic reopening is picking up steam. Mobility data, diner activity, hotel bookings, housing activity, and new business openings all improved this week.
- U.S. and China frictions resurfaced, but didn't hurt markets much after President Trump signaled no changes to the China trade deal in a late Friday press conference.

The worst may be over

Investors optimism that the worst of the coronavirus outbreak may be over seems to be taking hold. Economic data continued to illustrate the severe impact of the COVID-19 pandemic, but markets are keying instead on signs that the economic reopening is picking up steam. OpenTable data showed diner activity is picking up, air travel and hotel bookings are ticking up, mortgage applications are rising, amusement parks are setting reopen dates, and people are applying to open new businesses. And its not just in the U.S., car factories are starting back up in Brazil and Mexico, trains are running again in much of India, and mining companies are opening in Peru. Of course, we're not out of the woods yet as some regions are still seeing COVID-19 cases rise such as Brazil, India and Russia. In the end, global stocks notched a second straight week of strong gains, with most global indices up +3% or more. Notably, the gains were led for the second week by sectors that were previously laggards. Rather than large cap growth and technology companies leading, this week's gains came more from smaller stocks, financials, industrials and real estate. U.S. and China frictions resurfaced again, but didn't temper optimism too much.

Digits & Did You Knows

THE WORST – After peaking on 2/19/20, the S&P 500 lost -33.8% (total return) over the next 23 trading days through Monday 3/23/20. That's the worst 23-day trading period in the last 30 years (source: BTN Research).

ALMOST FIRST – After bottoming on 3/23/20, the S&P 500 gained +32.6% (total return) over the next 60 days (43 trading days) through 5/22/20. That's the 2nd best 43-day trading period in the last 30 years, bested only by a +37.8% total return between 3/09/09 and 5/08/09, the first 43 trading days of the 11-year bull market that ended on 2/19/20. Tacking on last week's gains boosts the returns from the 3/23/20 lows to +36.6% (source: BTN Research**).**

Market Snapshot	Index Level	1-week Price Return	2020 Price Return
EQUITIES			
S&P 500	3,044.31	**+3.01%**	**-5.77%**
Nasdaq Composite	9,489.87	**+1.77%**	**+5.76%**
Russell 2000	1,394.04	**+2.84%**	**-16.45%**
Nikkei-225 (Japan)	21,877.89	**+7.31%**	**-7.52%**
STOXX Europe 600	350.36	**+3.00%**	**-15.75%**
RATES			
2-Year UST Note	0.16	-1 bps	-141 bps
10-Year UST Note	0.65	-1 bps	-126 bps

QUALIFIED PLAN ADVISORS

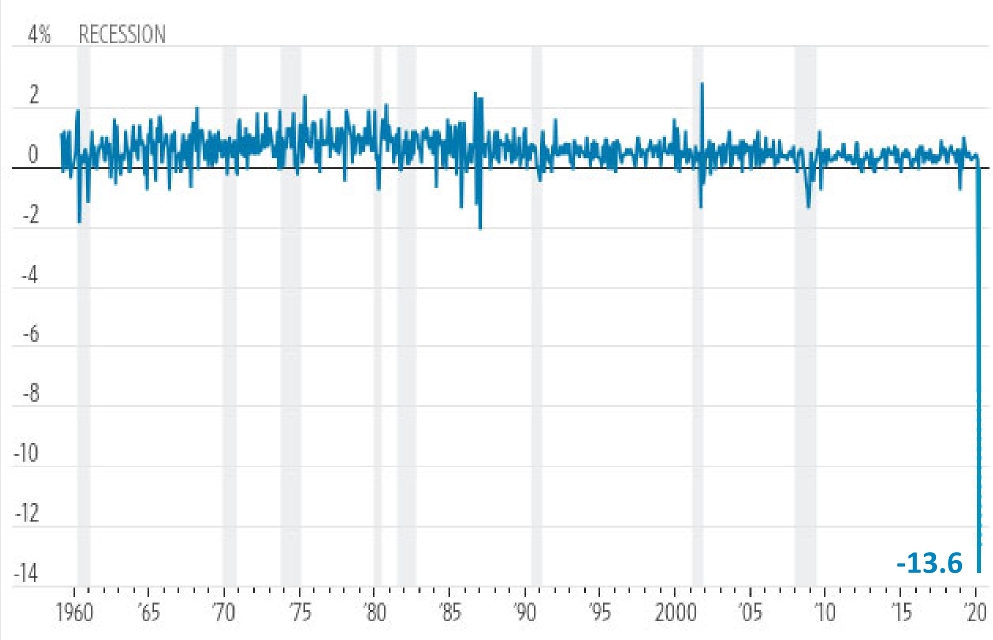
May 29, 2020

WEEK IN REVIEW

Chart of the Week

Even as the stock market climbed the wall of worry, consumer spending hit rock bottom in April. April saw both the largest increase ever in **Personal Income** (+10.5%), but also the largest ever decline (-13.6%) in **Personal Consumption Expenditure**. Both goods and services spending fell by double digits, which came as no surprise as most of the economy remained on lockdown because of the pandemic. However, consumption expenditure fell 30% more than personal income rose, suggesting that coronavirus-related government stimulus checks, income, was saved, not spent. Indeed, the household savings rate (as a % of disposable income) rose to 33%, which could be a challenge for the recovery.

U.S. personal consumption expenditures, change from prior month



Note: Seasonally adjusted; April 2020 is a forecast.
Sources: Commerce Department, WSJ survey

Economic Rundown

- The May **Conference Board Consumer Confidence Index** ticked up slightly, exceeding expectations for a decline. Consumers are worried about the present situation, which fell to its lowest level since 2013, but consumer expectations rose to a three-month high.
- April **New Home Sales** also surprised to the upside, with the first gain in three months. Forecasts were for a -20+% drop. The annual rate was in line with the long-term trend. The March **FHFA Purchase-Only House Price Index** ticked up 0.1%, and was up 5.9% from last year. Six of the nine Census Divisions posted monthly gains and all were up from year ago levels. The March **S&P CoreLogic CS Home Price Index** rose 0.5, and was up 4.3% year-over-year. 19 of the 20 major metro areas posted price gains. **Mortgage Applications** for house purchase have fully recovered, hitting a multi-year high.
- The April **Chicago Fed National Activity Index (CFNAI)** dropped an unprecedented -11.77 points to -16.74, a record low. Hopefully the CFNAI will follow the **Dallas Fed Manufacturing Index**, which rebounded in May from record lows with its largest monthly increase on record.
- The May **Richmond Fed Manufacturing Index** also rallied sharply from its April lows.
- **Real GDP Growth** for Q1 was revised down to -5.0% from -4.8% in the advance estimate, below expectations for an unchanged reading of -4.8%. It was the first decline in six years and the most since Q4 2008

The Week Ahead

Monday	• Markit US Manufacturing PMI • ISM Manufacturing PMI • Construction Spending MoM
Tuesday	• Wards Total Vehicle Sales
Wednesday	• MBA Mortgage Applications • ADP Employment Change • Markit US Services PMI • ISM Non-Manufacturing PMI • Factory Orders and Durable Goods Orders
Thursday	• Jobless Claims • Trade Balance
Friday	• Jobs Report and Unemployment Rate

May 29, 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		Small Value 4.19	Small Value 4.38	Intl Bonds 0.97	Emg Markets 1.73	Mid Value 5.00
		Mid Value 3.71	Mid Value 2.50	Intl Equity 0.94	Mid Growth 1.18	Real Estate 4.98
		Real Estate 3.65	Small Growth 2.34	Real Estate 0.41	Intl Bonds 0.84	Intl Equity 4.72
		Intl Equity 2.86	Large Value 2.30	Large Growth 0.17	Large Growth 0.81	Small Value 4.47
		Large Value 2.78	Real Estate 1.92	Mid Growth 0.16	High Yield Bond 0.40	Large Value 4.44
		Emg Markets 2.20	Intl Equity 1.21	High Yield Bond 0.10	U.S. Bonds 0.26	Emg Markets 3.57
		Small Growth 1.83	Mid Growth 1.14	60/40 Allocation -0.06	60/40 Allocation 0.20	Mid Growth 3.50
		60/40 Allocation 1.48	60/40 Allocation 1.02	U.S. Bonds -0.07	Large Value -0.12	Intl Bonds 2.74
		Mid Growth 0.97	Large Growth 0.83	Large Value -0.55	Small Growth -0.21	60/40 Allocation 2.64
		Intl Bonds 0.78	Emg Markets 0.32	Emg Markets -0.70	Mid Value -0.31	Large Growth 2.01
		High Yield Bond 0.75	High Yield Bond 0.21	Mid Value -0.92	Intl Equity -0.35	Small Growth 1.80
		Large Growth 0.19	U.S. Bonds 0.15	Small Growth -2.12	Real Estate -1.04	High Yield Bond 1.46
Low		U.S. Bonds -0.16	Intl Bonds 0.12	Small Value -2.78	Small Value -1.20	U.S. Bonds 0.18

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.

Advisory services offered through Prime Capital Investment Advisors, LLC. ("PCIA"), a Registered Investment Adviser. PCIA doing business as Prime Capital Wealth Management ("PCWM") and Qualified Plan Advisors ("QPA").

QUALIFIED PLAN ADVISORS