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BULL MARKET COMES TO AN END

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EQUITIES

Data as of: 03/13/2020

Index	Price	WTD%	QTD%	YTD%
DJIA	23185.62	-10.36	-18.76	-18.76
S&P 500	2710.95	-8.80	-16.09	-16.09
Nasdaq	7874.23	-8.18	-12.24	-12.24
Russell 2000	1208.76	-16.59	-27.55	-27.55
Russell 1000 Growth	1572.32	-7.45	-11.19	-11.19
Russell 1000 Value	1046.55	-11.61	-22.34	-22.34
Comm. Services	157.61	-6.70	-13.23	-13.23
Cons. Disc.	813.24	-10.47	-17.55	-17.55
Cons. Staples	582.16	-7.93	-10.02	-10.02
Energy	241.29	-24.28	-47.14	-47.14
Financial Svcs.	381.20	-9.83	-25.46	-25.46
Health Care	1053.92	-6.65	-11.30	-11.30
Industrials	528.60	-13.12	-23.12	-23.12
Info. Tech.	1476.91	-5.20	-8.33	-8.33
Materials	290.78	-13.20	-24.64	-24.64
Real Estate	218.08	-8.57	-9.26	-9.26
Utilities	290.48	-14.26	-11.54	-11.54
MSCI EAFE*	1491.75	-17.73	-26.48	-26.48
MSCI EM*	883.13	-12.72	-20.63	-20.63

* MSCI, EM values as of: 03/12/2020

- The longest bull market ever ended this week as the COVID-19 (coronavirus) outbreak continued to spread and containment efforts further disrupted the US and global economies. US stocks fell 27% from the February 19 closing high through the March 12 closing low, based on the **S&P 500 Index**, marking the fastest 20% decline from a record high in history. **US stocks** were down between 8% and 10% for the week despite Friday's rally amid optimism around additional response from policymakers in addition to aggressive actions from global central banks.
- No equity index was spared in the downdraft, but it is notable that the large cap indexes, particularly the S&P 500, held up better than the small cap **Russell 2000 Index**. When volatility spikes, markets tend to move together, though outsized losses in the energy sector were evident in the resilience of the growth style relative to value. Two growth sectors, communications services and technology, held up relatively better this week.
- This latest **US economic data** has yet to reflect the sharp reduction in US economic activity. However, the strength of the economy pre-outbreak should help its ability to weather the storm. We estimate markets were pricing in around a 60% chance of recession at this week's lows.
- Developed international** markets led global declines this week, and **emerging markets** held up slightly better as China and South Korea are further along in containment of COVID-19. The MSCI EAFE and MSCI Emerging Markets (EM) indexes lost 17.7% and 12.7%, respectively, through Thursday before strong rallies on Friday recouped a chunk of those losses.

FIXED INCOME, CURRENCIES, & COMMODITIES

Data as of: 03/13/20

Yield	Latest	EOW	EOQ	EOY
90 Day UST	0.27	0.45	1.55	1.55
2 Yr UST	0.53	0.49	1.58	1.58
10 Yr UST	1.01	0.74	1.92	1.92
30 Yr UST	1.60	1.25	2.39	2.39

Fixed Income*	Yield	% Return		
		WTD	QTD	YTD
US Agg	1.81	-2.56	3.00	3.00
US Agg Govt.	0.85	-1.20	6.82	6.82
US TIPS	1.09	-4.82	0.55	0.55
Munis	2.05	-4.18	-0.94	-0.94
HY Munis	4.76	-9.36	-5.40	-5.40
Inv. Grade	3.05	-6.36	-0.98	-0.98
High Yield	8.28	-7.07	-8.76	-8.76
MBS	2.15	-0.92	1.29	1.29
Global Agg	1.18	-2.80	1.56	1.56
Intl. Treasuries	0.25	-1.24	2.66	2.66
JPM EMBI	5.88	-9.20	-6.08	-6.08

Currencies & Commodities

US Dollar	98.48	2.64	2.17	2.17
EUR/USD	1.11	-1.79	-1.15	-1.15
USD/JPY	108.35	2.89	-0.25	-0.25
WTI Oil	33.42	-19.04	-45.27	-45.27
Gold	1522	-8.97	-0.05	-0.05
Copper	2.50	-2.54	-10.78	-10.78

*Data as of: 03/12/2020

The yield presented refers to the corresponding index except for the U.S. Treasury (UST) data, which is of individual Treasury note securities and not an index. The Currency and Commodity data presented are quotes of the exchange rate. This data is from FactSet.

- All **fixed income** indexes we track were down for the week through Thursday as COVID-19 fears gripped all financial markets. The **10-year US Treasury** yield rose from its record lows to end the week over 1%, as the yield curve steepened late in the week. The 30-year Treasury yield saw the biggest change, rising 0.35%. Mortgage-backed securities (MBS) performed best as spreads over Treasuries reached 1%, prompting speculation of Federal Reserve MBS purchases to attempt to drive down yields and mortgage costs for consumers. High-yield municipal bonds suffered the biggest weekly decline on recession fears and stress in credit markets amid extreme volatility.
- Oil prices** suffered their biggest weekly decline since December 2008, plunging 19% as OPEC flooded the market with cheap oil in an escalating global price war with Russia. Gold also slumped to its worst week since 2011 as selling pressure hit even assets considered safe havens. Copper fell to its lowest level since late 2016, while the US dollar strengthened as a flight-to-quality contributed to increased demand for the greenback.
- Next week's **US economic calendar** includes retail sales and industrial production numbers on Tuesday followed by housing starts on Wednesday. Thursday will see the release of the Conference Board's Leading Index for January. Investors will continue to discount pre-outbreak data, though some evidence of slower growth may be reflected.
- Internationally**, investors will get industrial production numbers for January out of Japan, along with the ZEW Eurozone Expectation for Economic Growth survey on Tuesday. Later in the week, consumer inflation will be reported for the Eurozone.

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For a list of descriptions of the indexes referenced in this publication, please visit our website at lpresearch.com/definitions.

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