

Flash Market Commentary



It has been a little over a month since our last commentary and what a month or so it has been. Stocks across the globe, but particularly in the United States, bounced materially off their March lows; although still in negative territory year-to-date. The price of oil took quite a rollercoaster ride, including a short-term phenomenon where oil prices actually turned negative. In comparison, bonds over this period were relatively calm, but not without their own interesting aspects at times.

The constant has remained the ongoing battle with the coronavirus and the mandated economic and social shutdown to curb its significant health related risks and consequences. However, we have witnessed several positives of late regarding the virus. First, as depicted in the table below, testing has been increasing in the U.S. while, at the same time, the percentage of positive cases has been decreasing. This has led to the level of average daily new cases appearing to remain virtually flat in the U.S. despite the large increase in the average daily number of tests, a very positive development.

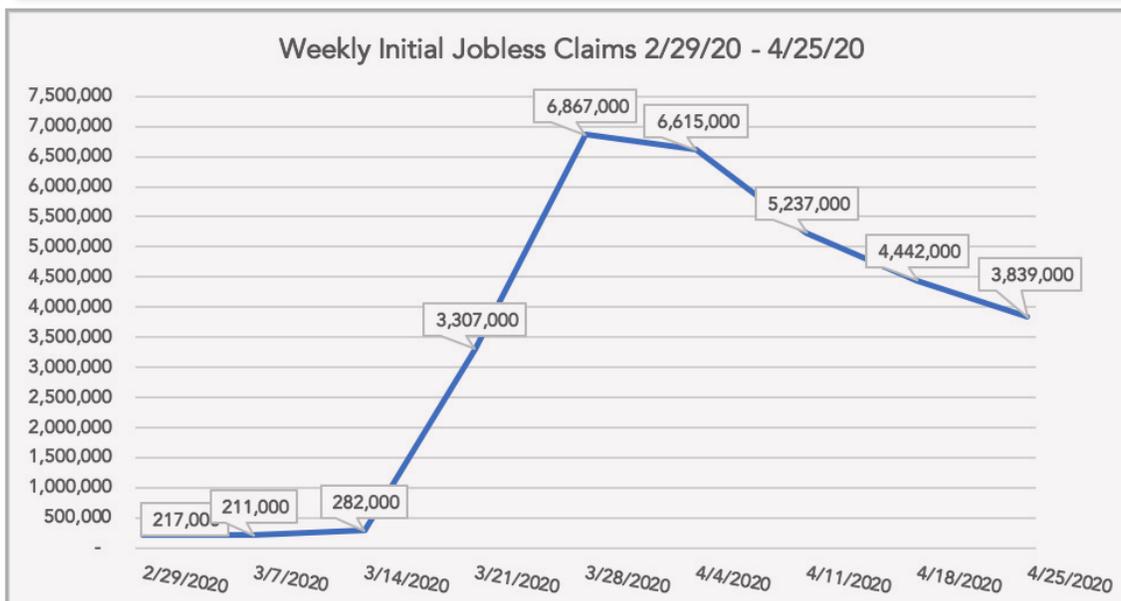
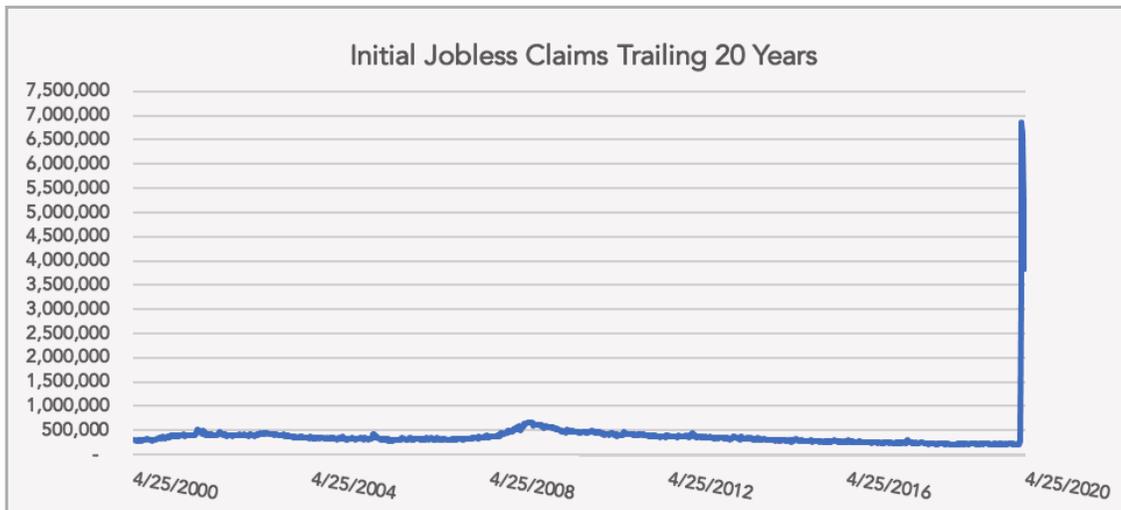
Week Ended	Avg. Daily Cases	% chg	Avg. Daily Test	% chg	% Positive Cases	bps chg
3/11/2020	163		946		17.3%	
3/18/2020	1,137	596.2%	9,843	940.0%	11.6%	-570
3/25/2020	8,422	640.8%	51,007	418.2%	16.5%	496
4/1/2020	20,970	149.0%	110,872	117.4%	18.9%	240
4/8/2020	31,418	49.8%	142,478	28.5%	22.1%	314
4/15/2020	29,880	-4.9%	150,380	5.5%	19.9%	-218
4/22/2020	29,233	-2.2%	173,013	15.1%	16.9%	-297
4/29/2020	30,782	5.3%	224,322	29.7%	13.7%	-317

Source: Worldometers.info/coronavirus; [covidtracking](https://covidtracking.com/)

Second, a drug from Gilead Sciences called Remdesivir appears to have shown some early positive results in treating the virus (in terms of a faster recovery time and lower mortality). Third, Oxford University in the United Kingdom (which recently partnered with AstraZeneca) has reportedly seen positive developments on the vaccine front with their recent tests on six rhesus macaque monkeys exposed to COVID-19, each of which remained healthy twenty-eight days post exposure. It is Oxford's hope to potentially have a viable vaccine for the market as early as September, 2020 with initial human trial results expected as early as June or July, 2020.



From the financial perspective, governments across the globe continued to take steps to mitigate the related material repercussions, including a historic increase in unemployment claims. Please find recent unemployment claims below (while still very high, decreasing week over week):



Source: Department of Labor, weekly jobless claims data (seasonally adjusted), <https://oui.doleta.gov/unemploy/claims.asp>

During April, the U.S. in particular instituted the following:

- The passage of the Cares Act in late March (which included numerous provisions) established the Paycheck Protection Program (PPP) to originate Small Business Administration loans to the tune of approximately \$660 billion in total. As one would imagine and has been well publicized, the demand for these funds by small businesses across the country has been extraordinary and swift.
- Broadening Federal Reserve purchases of various types of fixed income securities, including high yield bonds, to preserve the critical flow of credit.



Although the level of market volatility has subsided considerably, it would seem somewhat premature at this point to say we are “out of the woods”. With the Federal Reserve and U.S. government seemingly employing every financial lever at their disposal, the path forward continues to depend on coronavirus case growth, the discovery of consistently impactful treatments and eventually a vaccine. Thankfully, the growth curves in many countries, including the U.S., have flattened, allowing the health care system and its heroes on the front lines to better digest the flow of virus patients. However, a return to normalcy, i.e. to pre-February/March levels, is highly dependent on a health breakthrough. This would presumably accelerate reopening and subsequently broad access to goods and services, along with the return to the high levels of consumer confidence, financially and health wise. This could take time and may include alternating periods of optimism and pessimism, particularly in the short-term. However, from a longer-term perspective, it seems like the incredible all-out effort on numerous fronts to corral this disease, and the speed at which it is moving, will eventually provide the outcomes needed to do so.

In closing, and on a personal note, all of us at Tower Wealth Managers/Country Club Trust Company, along with the entire Country Club organization, hope you and your families are well and coping with what has certainly been a very trying period in multiple ways. Although we are still in social distancing mode, we continue to be fully prepared to provide the level of service you have come to expect and deserve. We want to help in any way we can. Our great community has faced challenges in the past and we remain confident that together we will get through this.



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