Weekly Wrap

The stock market ended a down week on a lower note, though the S&P 500 (-1.5%) was able to remain above its low from Wednesday. The benchmark index surrendered 2.1% for the week. Small caps had a more difficult go, as the Russell 2000 (-3.1%) lost 7.1% for the week, stopping a bit above its March low.

Today's main storyline was the release of the Employment Situation report for March, which was expected to be very weak. The report showed that nonfarm payrolls decreased by 701,000 and that reading is likely to be revised lower next month, since the report was compiled in the first half of March before layoffs accelerated.

Stocks tried to make the best of a bad situation, pushing higher during the first few minutes of action, but selling pressure intensified shortly after the S&P 500 climbed above its high from yesterday. The market remained under pressure into the early afternoon with the S&P 500 settling near yesterday's afternoon low.

Ten out of eleven sectors ended in the red with six sectors logging wider losses than the broader market. Utilities (-3.6%), materials (-2.3%), and financials (-2.2%) were at the forefront of the selling while real estate (-0.8%) and consumer staples (+0.5%) outperformed.

Today's biggest laggard- the utilities sector-surrendered 7.1% for the week, finishing behind the remaining ten sectors.

The consumer discretionary sector (-1.5%) finished in-line with the broader market as gains in battered names like **L Brands** (**LB** 11.34, +1.19, +11.7%), **Macy's** (**M** 4.81, +0.36, +8.1%), **Carnival** (**CCL** 8.49, +0.52, +6.5%), and **Under Armour** (**UAA** 8.22, +0.43, +5.5%) masked sharp losses in shares of casino operators like **MGM Resorts** (**MGM** 10.58, -0.93, -8.1%) and **Wynn Resorts** (**WYNN** 48.50, -4.17, -7.9%).

Crude oil was able to build on yesterday's advance, climbing $3.16, or 12.6%, to $28.34/bbl. The energy component gained $6.69 or 30.9% for the week while the energy sector (-1.3%) climbed 5.4% since last Friday.

Longer-dated Treasuries finished near their best levels of the day, sending the 10-yr yield lower by four basis points to 0.59%.

The U.S. Dollar Index climbed 0.4% to 100.61, gaining 2.2% for the week.

Today's economic data included the Employment Situation report and ISM Non-Manufacturing Index for March:

- March nonfarm payrolls declined by 701,000 (Briefing.com consensus -150,000) while February nonfarm payrolls were revised to 275,000 from 273,000. March private sector payrolls declined by 713,000 (Briefing.com consensus -250,000) while February private sector payrolls were revised to 242,000 from 228,000.
- March unemployment rate was 4.4% (Briefing.com consensus 4.0%), versus 3.5% in February. Persons unemployed for 27 weeks or more accounted for 15.9% of the unemployed versus 19.2% in February. The U6 unemployment rate, which accounts for unemployed and underemployed workers, was 8.7%, versus 7.0% in February.
- March average hourly earnings were up 0.4% (Briefing.com consensus +0.2%) after increasing 0.3% in February while average workweek decreased to 34.2 hours (Briefing.com consensus 34.0) from 34.4 hours in February.
  - The key takeaway from the report is that it still isn't adequately capturing the full extent of the weakness in the labor market. Things are even worse than the headlines here suggest, as yesterday's initial claims report made abundantly clear. Those filings are not embedded in today's report, which was formulated mostly on the basis of an employment survey conducted the week of March 12. In actuality, the unemployment rate is likely closer to 10.0% at this juncture
- The ISM Non-Manufacturing Index for March checked in at 52.5% (Briefing.com consensus 43.0%) versus 57.3% in February. The dividing line between expansion and contraction is 50.0%.
  - The key takeaway from the report is that it's not as encouraging as it appears to be, having been bolstered by a nice pickup in the Supplier Deliveries Index (to 62.1% from 52.4%), which reflects slower deliveries due to the COVID-19 impact; moreover, it is understood that the services sector has been the hardest hit in the sudden economic stop and that this measure

does not adequately capture the real-time change in business conditions.

Market participants will not receive any data on Monday.

- Nasdaq Composite -17.8% YTD
- S&P 500 -23.0% YTD
- Dow Jones Industrial Average -26.2% YTD
- Russell 2000 -37.0% YTD

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	21636.78	21052.53	-584.25	-2.7	-26.2
Nasdaq	7502.38	7373.08	-129.30	-1.7	-17.8
S&P 500	2541.47	2488.65	-52.82	-2.1	-23.0
Russell 2000	1131.99	1052.05	-79.94	-7.1	-36.9

Sentiment
Positive (1.00)
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