Market Report: 05/04-05/08

	Friday Close	Weekly % Δ	YTD % Δ
S&P 500	2,929.80 +1.69%	+3.50%	-9.32%
Nasdaq	9,121.32 +1.58%	+6.00%	+1.66%
DJIA	24,331.32 +1.9%	+2.56%	-14.74%
Russell 2000	1,329.64 +3.64%	+5.49%	-20.31%
S&P 400	1,676.18 +3.46%	+5.39%	-18.75%

	Value at Close	Weekly % Δ	YTD % Δ
CRIC Portfolio	$114,116.74	+1.84%	-5.78%

Market Summary: "Got off to a slow start thanks to reaction to Buffet's comments at his annual BRK conference. It wasn't the fact that he sold out of airlines. It was the shock that he didn't see this historic dip as a buying opportunity. Rallied slightly and sideways Tue, Wed. Thursday rally gets us up slightly for the week despite weak jobless claims numbers. Today historical jobs report number. Unemployment had its biggest monthly jump since the Great Depression. As we went from 4.4% to 14.7%. It was in line and slightly better than most analyst expectations. No surprise. Market hates surprises. Of the job losses, 47% in retail, leisure and hospitality. (Also weakest sectors during the selloff) Question going forward - are these numbers temporary or will there be more to follow. Market seems to sense worst is over for now." **Jay Woods, NYSE Designated Market Maker at IMF Financial Markets**

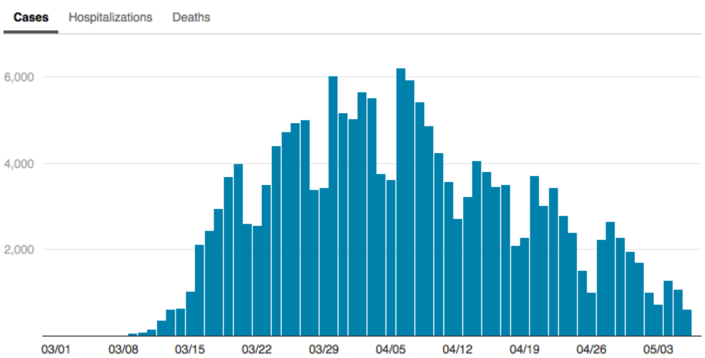
2019-nCoV updates:

- According to the CDC, there is currently ~1,219,066 cases in the U.S with ~73,297 confirmed deaths **(last updated on May 8th)**
- The White House has set criteria for states approach re-opening, including a 14-day **downward trajectory** in new cases or positive test rates
- The FDA has **granted emergency authorization** for the first at-home saliva collection kit that tests for 2019-nCoV

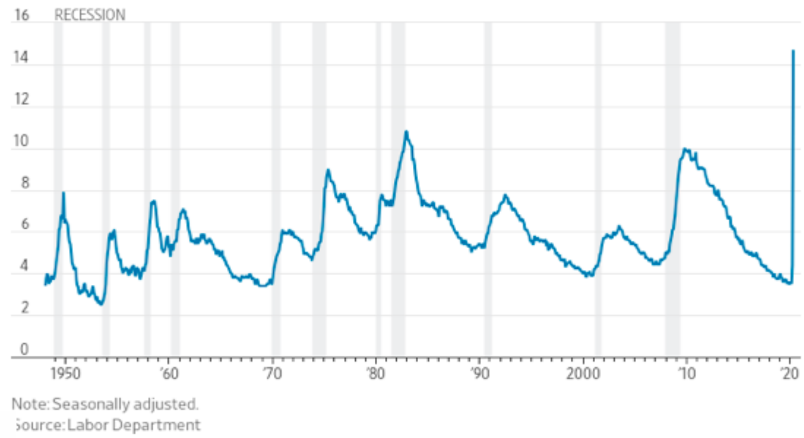
Notable headlines from this week:

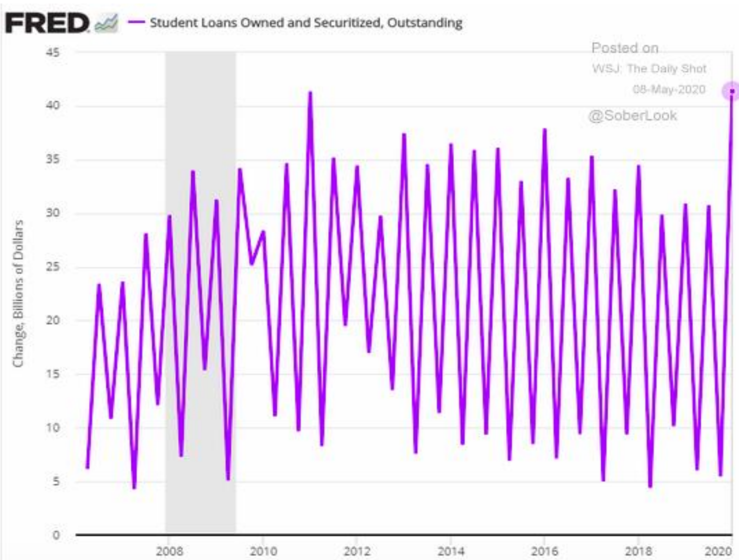
- More than **3 million** Americans filed for unemployment benefits last week, which brings the total number of applications in the last 7 weeks to over **33 million** FT
- U.S. Department of Labor released a report which showed U.S Labor Productivity dropped **2.5% in Q1 2020**, which was less than Economists projected
- Data released by the Fed on Thursday showed total consumer credit fell **3.4% YoY** in March

1. Hospitalization admission rates in New York, data collected by New York Health Department

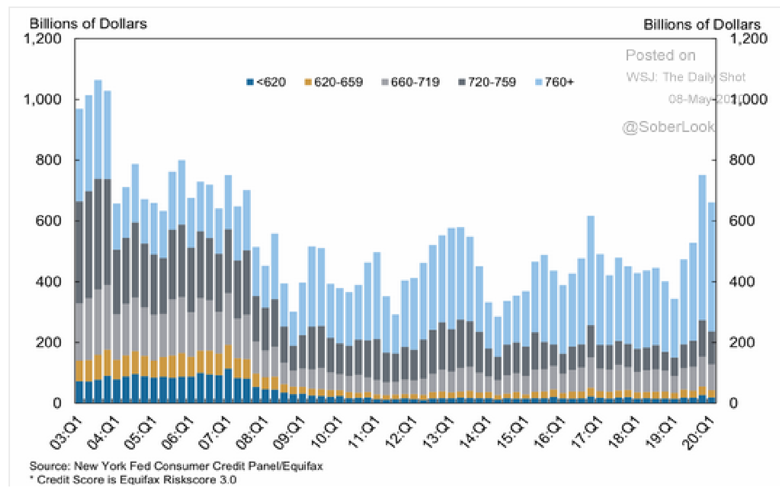


2. U.S. Unemployment rate rose to 14.7% in April, data collected US Department of Labor

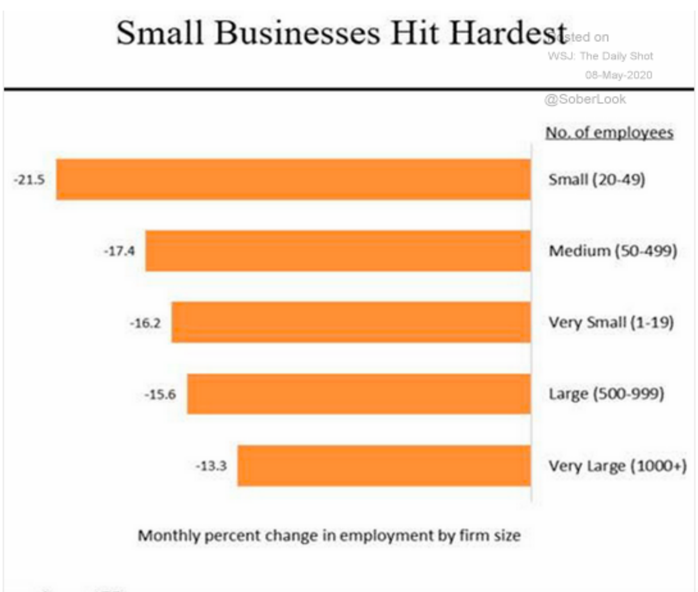




3. Student Loan Balances rose sharply in Q1 of 2020 FRED



4. New York Fed Data shows mortgage originations by credit score



5. ADP private payrolls report shows job losses for different sized businesses

6. Graph shows China's targeted purchases of U.S. Goods

Opinion:

A Turning Point for Renewable Energy Part I: At the end of 2019, renewable energy developers were expected to install 20 GW of new capacity in 2020 and 36 GW in 2021, compared to an average of 10.5 GW per year since 2010. Federal subsidies for solar installations are being phased out in 2020, which prompted a huge number of new solar and wind project set to be installed in the next two years. At the same time, generation and storage costs have fallen dramatically in the past seven years and continue to fall. Wind and solar are cheaper than coal across the country and in many places cheaper than natural gas. Bloomberg analysts predict the cost per MWh to fall over 50% further before 2030. Over $20 billion in capital expenditures by 20 leading renewables firms is expected through 2021, with approximately 47% of expenditures going to expanding distribution and transmission networks. The expansion in distribution, combined with falling generation, storage, and installation costs will make solar and wind energy the dominant electricity sources in the coming decade.

Despite the coronavirus pandemic, renewables firms have weathered the crisis with relative ease compared to oil & gas firms, many of which could be facing bankruptcy. This week renewables firms widely beat earnings and revenue estimates and some small and mid-cap firms continued double digit YoY growth. Environmental regulation and socially conscious investors help renewables firms be resilient during stressful economic times and will fuel the industry's growth post-coronavirus.

The pandemic's impact on the oil & gas industry and regulatory trends are speeding up adoption of renewable energy. Parts 2, 3, and 4 will concern the oil industry, political and regulatory concerns, and the best investment opportunities in the renewable space.

Why We Won't See Negative Rates: In light of the Pandemic, the Federal Reserve has taken unprecedent measures to stabilize the economy in order to meet their dual-mandate of price stability and maximum employment. In addition to dropping the benchmark rate to near-zero, the central bank has instituted various lending facilities to help soften the blow of the economic contraction. As the U.S. is in a stand-still with historic unemployment numbers and a 4.8% contraction of U.S. GDP in Q1 2020, some suggest the Fed needs to do more. Many TV pundits and economists have suggested the FOMC will drop short-term interest rates to below zero, citing that this action would protect firms and states from defaulting on their debt. On Thursday, Future contracts for the Fed's overnight lending benchmark rare turned negative for December 2020, also the 2-year T-note yield, which is sensitive to interest-rate policy, closed at an all-time low on Thursday.

The Federal Reserve has maintained a clear stance on sub-zero interest rates, as Richmond Fed President Thomas Barkin stated on a CNBC interview that negative rates were not appropriate for the U.S. In addition, Philadelphia Fed President Patrick Harker has publicly questioned whether negative interest rates would provide any help to struggling businesses.

In this discussion of sub-zero rates, the factor that remains to be talked about is the psychological effect. The theory is when short-term interest rates drop below zero, it incentivizes loaning and spending opposed to saving. What we are focused on is the effect this will have on consumers, as they are disincentivized to save money for retirement or college. This action could further slow the flow of money in the economy, and could potentially lead to a slower economic recovery. For the time being, it seems the Fed will continue to lubricate the economy with QE infinity, as well as expanding the range of assets it is willing to buy. The lending facilities instituted by the Fed have worked like a well-greased machine, and will continue to provide stability to this extremely unstable environment. Moving to sub-zero rates will send the wrong signal to the world, which is why we will likely not see any indication of such a monetary policy stance from the Fed.

What to look for heading into next week

1.) Continue to monitor U.S.-China relations as negotiators pledge to implement phase one of trade deal
2.) Watch for unemployment numbers, as the 3.2 million jobless claims last week was the fewest weekly number since March
3.) Tune in for Fed Chairman Jerome Powell's speech next Wednesday to discuss current economic conditions

Weekend Links

1. JHU Covid-19 Map
2. What is Buffet Doing?
3. IRS Changing the Rules
4. Fuel Makers hope for quick recovery
5. Corporates are in no rush
6. Phase One of U.S/China deal
7. What states are re-opening?