



Capital Market Outlook

4/8/2020

MARKETS THIS WEEK

- **Fed. Chair Powell** will give an update on the economy via webcast this Thursday at 10:00am PDT. Markets will be eager to hear how the FOMC gauges the effectiveness of their initial policy maneuvers to blunt the impact of the Coronavirus, and if they feel any additional fiscal action is needed. This will be Powell's first public speaking engagement since March 26th.
- **Earnings** season begins next week, and it is expected that markets are in for some broadly negative news. Look for heightened volatility as investors wrestle these results with promising data regarding the flattening of the infection rate of COVID-19 in severely inflicted locations across the globe.
- **Small business aid** is currently a focus of discussion amongst Treasury Secretary Steven Mnuchin and policy makers. With roughly 80% of Americans employed by small businesses, providing financial support to these enterprises to cover fixed expenses and wages may be deemed necessary to temporarily prop-up America's middle class. Look for updates from the White House before the end of the week.
- **Jobless Claims** data will be reported this Thursday, and the outlook is not pretty. Reports over the last several weeks have shown significant record-highs in unemployment, and it seems increasingly likely that this trend will continue until virus transmission fears are significantly reduced and businesses fully reopen to the public.
- **Bernie Sanders** officially ended his bid for the democratic presidential nomination Wednesday morning. Markets initially reacted favorably, as Sanders's democratic socialist political stance has long been criticized for its favor of heightened corporate regulation and, consequently, its expectations of lower corporate profits. We see Joe Biden's emergence as the sole remaining democratic Presidential contender as welcome news for both corporations and their shareholders.