



Capital Market Outlook

5/18/2020

MARKETS THIS WEEK

- **This Monday, stocks rebounded** from prior week losses after drugmaker Moderna released promising early results from phase 1 of its Coronavirus vaccine trial. The study showed that all 45 participants developed some level of antibody protection from the virus¹, marking the first significant advancement in efforts to immunize humans from this devastating pathogen. Moderna executives noted that the next trial phase will begin in the coming weeks, and the optimal scenario targets vaccine readiness by early 2021.
- **The newest round of federal stimulus** was passed by the U.S. House of Representatives last Friday. The Health and Economic Recovery Omnibus Emergency Solutions, or HEROES, Act aims to appropriate roughly \$3 trillion to households and small businesses ailing from Coronavirus-induced economic shutdowns. Although unlikely to pass through Senate in its current form, bipartisan support for more stimulus has been widely reported. Highlights of this legislature include²:
 - Additional household Economic Impact Payments of \$1,200 per individual
 - Over \$925 billion of financial assistance for state, local, tribal, and territorial governments
 - Additional \$10 billion in grants to both small businesses and low-income households (SNAP program)
 - \$5 million to upgrade the House of Representatives' information technology infrastructure to better enable remote work
 - Changes to Medicaid and Medicare coverage and funding formulas
- **Fed Chairman Jerome Powell and Treasury Secretary Steven Mnuchin** will jointly testify in front of the Senate Banking Committee this Tuesday in their first quarterly report on economic programs established under the CARES act. Their responses to possible questions, ranging from issues in rolling out the Paycheck Protection Program (PPP) to the remaining Fed policy tools for supporting the economy, are likely to impact near-term investor confidence. Look for increased market volatility following the conclusion of this meeting.

To learn more, contact one of our knowledgeable advisors today.

1. <https://www.cnbc.com/2020/05/18/moderna-reports-positive-data-on-early-stage-coronavirus-vaccine-trial.html>
2. <https://gbq.com/highlights-heroes-next-possible-stimulus-package/>