

CAPITAL MARKETS REPORT - MARCH 23, 2020



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Market Movers:

- Stocks suffer their worst week since 2008, S&P 500 falls to three-year low
- Aggressive Fed buying attempting to buoy markets
- Dire predictions about severe U.S. recession increase as more states tighten public limits
- \$2 trillion economic stimulus bill delayed as parties fail to agree
- Equity futures were sharply lower this morning after Senate Democrats rejected the latest version of the GOP stimulus plan. After several days of negotiations, markets were caught off guard by the delay. Democrats criticized the bill as being a large corporate bailout that doesn't provide enough assistance to individuals and the healthcare industry. Republicans countered that corporations must be supported during this time in order to ensure that individuals will continue to be employed. While a major relief package is still likely in the near future, markets are clearly anxious to get the issue resolved.
- After starting an aggressive bond buying campaign last week, **the fed signaled an unlimited QE program this morning.** The Fed said they will buy Treasuries and agency MBS *"in the amounts needed."* Furthermore, new programs were announced to add liquidity in response to a shortage of cash in the financial system. In response, equity futures have reversed their earlier losses and now point to a higher opening on Wall Street. Treasury yields are sharply lower on the expectation of increased Fed bond buying.
- Last week, Goldman Sachs predicted that U.S. GDP will fall a staggering 24% in the 2nd quarter. The dramatic slowdown in economic activity across many industries continues to be unprecedented.

Market Last Week

	3/13/20 Close	03/20/20 Close	Weekly Change
2 yr. note	0.49%	0.31%	-18bps
5 yr. note	0.72%	0.46%	-26bps
10 yr. note	0.96%	0.85%	-11bps
30 yr. bond	1.53%	1.42%	-11bps
1 Mo. LIBOR	.80013	.92850	.12837

Data This Week

Date/Time (EDT)	Economic Data	Market Estimate	Prior Report
3/24/20 9:45 AM	Markit Manufctrng PMI (Mar)	43.0	50.7
3/24/20 9:45 AM	Markit Services PMI (Mar)	42.0	49.4
3/24/20 10:00 AM	New Home Sales (Feb)	750k	764k
3/24/20 10:00 AM	Richmond Fed Manu Index (Mar)	-15	-2
3/25/20 7:00 AM	MBA Mortgage Applications	n/a	-8.4%
3/26/20 8:30 AM	GDP (4th Qtr., Final)	2.1%	2.1%
3/26/20 8:30 AM	Initial Jobless Claims (Mar 21)	1400k	281k
3/26/20 8:30 AM	Continuing Claims (Mar 14)	1782k	1701k
3/26/20 9:45 AM	B'berg. Consumer Comfort (Mar 22)	n/a	63.0
3/26/20 11:00 AM	Kansas City Fed Manu Index (Mar)	-10	5
3/27/20 8:30 AM	PCE Core Deflator (Feb)	0.2%	0.1%
3/27/20 10:00 AM	U. of Michigan Sentiment (Mar)	89.5	95.9

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