



CROWN ROYALTIES

INVESTMENT CLUB

Market Research Report :04/20-04/24

	Friday's Close	Weekly % Δ	YTD % Δ
S&P 500	<u>2,836.74</u> +\$38.94 (1.39%)	-1.32%	-12.20%
Nasdaq Composite	<u>8,634.52</u> +\$139.77 (1.65%)	-0.18%	-3.77%
<i>DJIA</i>	<u>23,775.27</u> +\$260.01 (1.11%)	-1.93%	-16.69%
Russell 2000:	<u>1,233.05</u> +\$18.99 (1.56%)	+0.32%	-26.10%
S&P MidCap 400	<u>1,550.36</u> +21.36 (1.40%)	-0.71%	-24.85%

Summary: “Very quiet week as volatility is easing. All eyes remain on the virus numbers and a search for the vaccine. It could be seen in Thursday’s action as we sold off on news that Gilead’s first attempt at a vaccine fell flat. Economic numbers continue to look bleak. Jobless claims remain high as another 4.5 million people claimed unemployment. That makes a total of 26 million in 5 weeks. Next week another big week for earnings and a step closer to getting people back to work. All eyes on Georgia as they lifted their stay at home ban today.” **Jay Woods, NYSE Designated Market Maker at IMC**

2019-nCoV Updates:

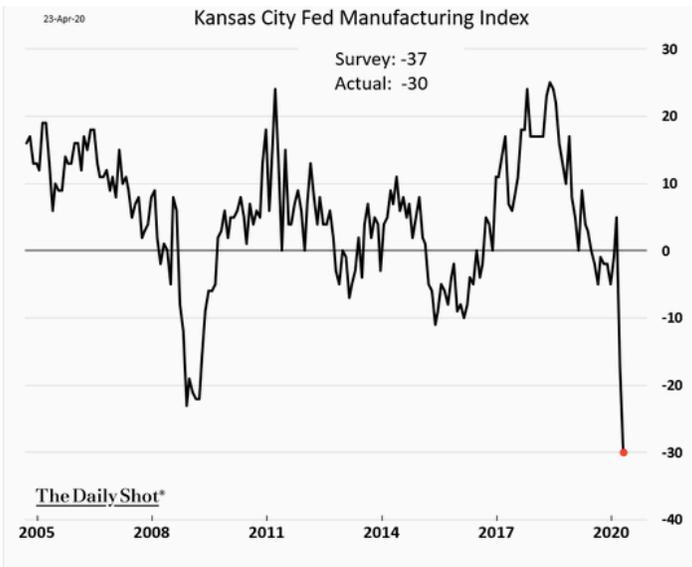
- According to the Johns Hopkins University’s tally, there are more than 890,000 cases in the U.S., with just over 51,000 confirmed deaths
- The **FDA has approved the first at-home COVID-19 test kit** this week during the White House Briefing. The at-home test was developed by LabCorp and FDA Commissioner Stephen Hahn said the test would require a doctor’s referral
- Vice President Mike Pence says the U.S. has tested roughly **5.1 million Americans** as of this morning, “As testing increases dramatically across the country, cases will increase as well. *But* people should not be discouraged by those numbers”

Public Debt, Inflation, and the Dollar:

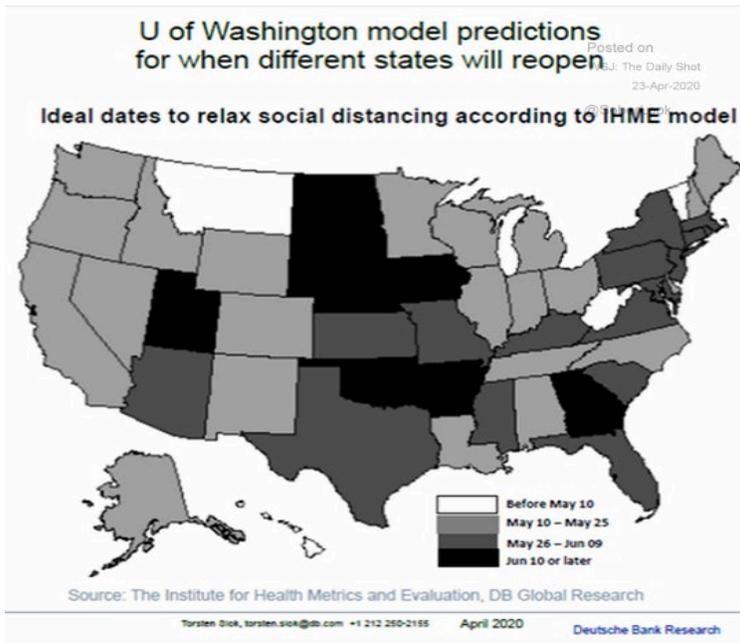
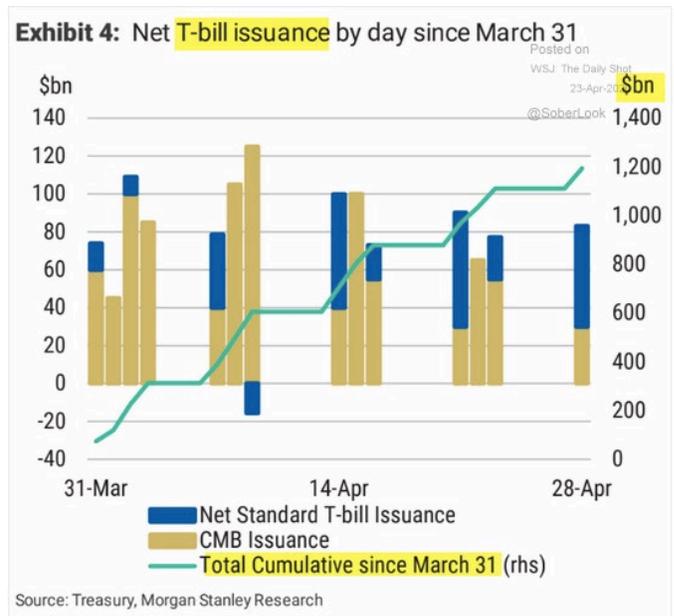
Government borrowing in rich countries is on pace to reach its highest level since 1945, with debt levels projected to increase by 10% to \$66 trillion. Although government debt levels are high, interest rates are low, and the United States is spending less on interest payments as a percent of GDP than it did in 1999. Worryingly, it may be politically impossible to reduce government spending to pre-coronavirus levels. During this pandemic inflation risks are low, but record levels of government spending give rise to inflation concerns post-crisis. The threat of runaway inflation could lead to the Fed raising interest rates, decreasing the value of American stocks. When the worldwide stock and debt market selloffs occurred in March, investors wanted to buy US Dollars, pushing the US Dollar Index to near its highest level in over a decade. This week, bearing in mind medium-term inflation risk and a strong US Dollar, we decided to **buy 80 shares** of iShares MSCI Emerging Markets ETF (EEM), which holds mostly blue-chip emerging market stocks. EEM holdings are heavily concentrated in China and rich Asian countries. Diversifying into emerging markets will reduce the return correlation of our securities and increase risk-adjusted returns.

Source: Government Finances

The Kansas City Manufacturing Index hit a record low MoM April ([Source](#))



The US Treasury's T-bill issuance this month has been unprecedented ([Morgan Stanley](#))



Based on coronavirus new case trajectories, [Deutsche Bank](#) predicts “optimal” time for States to reopen



[Bloomberg's](#) Consumer comfort index continues to deteriorate

Weekend Links

What to look for heading into next week

- 1.) Earnings will be reported for 140 S&P 500 companies including Amazon, Apple, Microsoft, and Boeing
- 2.) The FOMC is scheduled to meet on 04/28-04/29
- 3.) Some States will continue their re-opening of businesses- will infection rates change? How will consumers respond to businesses opening?

1. [2019-nCoV in U.S. Map](#)
2. [Fed giving access to cash](#)
3. [Howard Mark's memo, April 14th](#)
4. State-by-state unemployment [statistics](#)
5. Oil companies making the best of low [prices](#)
6. [Carpe Diem](#), seize these REIT's
7. [The Fed Vs. Reality](#)