



Market Commentary June 1, 2020

Dear Investors:

Are those green shoots?

In economic terms, green shoots are signs of improvement. If you were paying close attention, you might have seen some in economic data released last week.

They weren't apparent in the *Bureau of Labor Statistics* report on the United States economy. Gross domestic product (GDP), which is the value of all goods and services produced in our country, shrank by 5 percent during the first quarter of 2020. The contraction reflected lower spending by Americans and American businesses due to COVID-19. The *Congressional Budget Office (CBO)* estimated:

“...from March 21 to March 31, when many social distancing measures were in place, spending may have been down by almost 28 percent as a result of the pandemic; spending on accommodations and restaurants declined by 60 percent to 80 percent; and spending for some goods (such as clothing) dropped by similar amounts.”

Spoiler alert: The numbers for the second quarter are expected to be far worse. However, economic growth is expected to bounce as consumer spending, which accounts for two-thirds of GDP, resumes.

The green shoots were found in unemployment. As businesses reopened and shelter-in-place orders eased, the U.S. unemployment rate dropped to 14.5 percent during the week of May 16 from 17.1 percent the previous week, according to the *Department of Labor*.

Green shoots were also sprouting from the *University of Michigan's May Consumer Sentiment Survey*, which reported “...a growing number of consumers expected the economy to improve from its recent standstill...” The *Index of Consumer Sentiment* ticked higher from April to May.

The United States experienced highs and lows last week. A NASA public-private partnership launched the Dragon capsule into orbit. Its astronauts are headed for the International Space

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Station. Meanwhile, down on Earth, protests for justice in the death of George Floyd devolved into rioting.

Major U.S. indices finished the week higher.

Data as of 5/29/20	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	3.0%	-5.8%	9.4%	8.1%	7.6%	11.0%
Dow Jones Global ex-U.S.	4.4	-15.4	-5.3	-2.5	-1.4	2.2
10-year Treasury Note (Yield Only)	0.7	NA	2.2	2.2	2.1	3.3
Gold (per ounce)	-0.3	13.5	35.9	11.0	7.7	3.5
Bloomberg Commodity Index	1.3	-21.5	-20.0	-8.6	-8.8	-6.5

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, MarketWatch, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

FYI: IT'S JUNE! One side effect of COVID-19 quarantine is losing track of days. When routines are disrupted and recurring activities that distinguish one day from the next are discontinued, it can be difficult to know whether it's Monday or Thursday.

Fortunately, the United States has enough national holidays to clearly delineate one day from the next. Here is a list of some June holidays to help you keep track of days:

- June 1: World Reef Awareness Day
- June 2: National Bubba Day
- June 3: National Running Day
- June 4: National SAFE Day
- June 5: National Doughnut Day
- June 6: D-Day – remembering the day Allied troops landed on the beaches of Normandy
- June 7: National Cancer Survivor's Day
- June 8: National Best Friends Day
- June 9: National Earl Day
- June 10: National Iced Tea Day
- June 11: National Making Life Beautiful Day
- June 12: National Loving Day
- June 13: National Kitchen Klutzes of America Day
- June 14: National Flag Day and the Birthday of the U.S. Army
- June 15: National Smile Power Day
- June 16: National Fudge Day
- June 17: National Eat Your Vegetables Day
- June 18: National Go Fishing Day
- June 19: Juneteenth – commemorating the end of slavery
- June 20: Summer Solstice – the start of summer in the Northern Hemisphere
- June 21: Father's Day – celebrating dear old dad
- June 22: National Chocolate Eclair Day
- June 23: National Pink Day
- June 24: National Parchment Day

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June 25: National Leon Day
June 26: Take Your Dog to Work Day
June 27: National PTSD Awareness Day
June 28: National Logistics Day
June 29: National Waffle Iron Day
June 30: Social Media Day (As if that weren't every day!)

By the end of June, we should be on our way to a new normal and able to use the coronavirus lockdown as a point of reference for tracking events.

Weekly Focus – Think About It

“Whenever any American's life is taken by another American unnecessarily – whether it is done in the name of the law or in the defiance of law, by one man or a gang, in cold blood or in passion, in an attack of violence or in response to violence – whenever we tear at the fabric of life which another man has painfully and clumsily woven for himself and his children, the whole nation is degraded.”

--Robert Kennedy, Former U.S. Attorney General

Best regards,

SYMPHONY FINANCIAL SERVICES, INC.

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

However, the value of fund shares is not guaranteed and will fluctuate.

* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

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- * Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
- * The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
- * The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
- * The Dow Jones Industrial Average (DJIA), commonly known as “The Dow,” is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
- * The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
- * International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
- * Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
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Sources:

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