

Senate Passes Spending Bill #4 April 22, 2020



Stocks climbed today as oil prices rebounded and the Senate passed fiscal spending bill \$4, addressing small business payroll protection program that had run out of money last week. The Dow Jones Industrial Average jumped 457 points, or 2.0% to 23,476 while the S&P 500 rose 63 points, or 2.3% to close at 2,799. The Nasdaq Composite gained the most -- 232 points or 2.8% to 8,495.

The U.S. Senate on Tuesday, after the market closed, unanimously approved \$484 billion of new spending for small business and hospitals. This is the fourth spending bill addressing the coronavirus impact on the economy. Taken together, the four bills amount to about \$3.0 trillion in spending. Specifically, the deal includes \$321 billion for the small business Payroll Protection Program that ran out of funds last week; \$60 billion for a separate emergency disaster loan program administered through the Small Business Administration; \$75 billion for hospitals and \$25 billion for national coronavirus testing. That doesn't quite add up to \$484 billion, but hey, what is a few billion dollars here and there anyway. The Houses of Representatives are scheduled to vote on the measure on Thursday.



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Congress also signaled that they are working on a fifth bill to address economic damage. This new bill would address infrastructure and emergency funding for state and local governments. Initial projections are that the next bill will push total spending over \$4.0 trillion or approaching 20% of our country's GDP.

Investors applauded a batch of corporate earnings which topped expectations today. However, in almost every case, corporate CEO's are withdrawing guidance for the rest of the year because of the uncertain impact of coronavirus remediation efforts on their businesses.

Investors also cheered a rebound in oil prices. June contract for West Texas Intermediate crude pushed above \$14 per barrel. Some of the price rise was due to a more orderly market and some was due to rising tension between the U.S. and Iran.

Now, each Wednesday night we brace ourselves for the Thursday morning jobless claims report....

