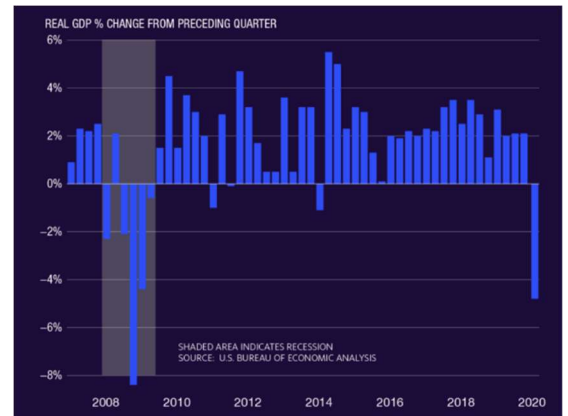


**Parade of Bad Economic Data**  
*April 30, 2020*



Stocks fell back Thursday giving up some of Wednesday's gain. The Dow Jones Industrial Average dropped 288 points, or -1.2% to close at 24,345. The S&P 500 sunk 27 points, or -0.9% to close at 2912. The Nasdaq Composite slipped 25 points, or -0.3% to 8890 and the Russell 2000 fell sharply by 50 points or -3.7%. Even though U.S. stocks were in the red the final day in April, both the Dow Jones Industrial Average and the S&P 500 posted their best months since 1987, climbing 11% and 13% respectively in April. The rebound was impressive as grim economic data has been paraded past the markets in recent weeks.

Thursday brought fresh data on the jobs front with another 3.8 million workers filing for unemployment benefits. While the number is still very high it is less than the 4.4 million claims from last week. That brings the total to 30 million workers who have filed unemployment claims in the past six weeks. Additionally, the U.S. Bureau of Economic Analysis (BEA) announced that 1<sup>st</sup> quarter GDP dropped 4.8% -- more than the decline of 4.0% that was expected. That represents the largest quarterly drop since 2008 and was in response to the public health initiatives designed to slow the spread of COVID-19.



The Commerce Department said consumer spending fell 7.5% in March. It also said personal income fell by 2%, the largest decrease since 2013, as employers started to cut payrolls and reduce workers' hours and compensation. Consumer spending accounts for more than two-thirds of the country's total economic output. A sharp pullback in spending was the biggest contributor to the drop in GDP according to the Commerce. Particularly revealing, Americans cut back on health-care spending in March, including visits to the doctor and dentist due to the inability to schedule non-emergency visits to the doctor or dentist. Health-care spending accounted for a large portion of the decline in first-quarter economic output, as reported by the Wall Street Journal. Grocery purchases helped offset declines at restaurants last month, because many Americans stockpiled food in March. Grocery store spending is not likely to give the same kind of lift in April. So, it is evident that when you are social distancing in your home your spending goes down... the other side of that coin is that savings goes up.

