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*"Failure is the condiment that gives success its flavor."* (Truman Capote, Author)

**My Website:** [www.davidjklein.com](http://www.davidjklein.com): Read *RBC's latest newsletter, Investor's Edge*, on the bulletin board, and *Global Insight* in the middle of the front page.

**Do a "Wealth Plan Analysis"** (attached to your e-mail) This is the perfect time to get it done - to get a better understanding of your retirement and estate planning needs, your goals, your income, savings, insurance needs, annuities, long-term care etc.... We will do a complete review for you.

**Key Statistics** Year-to-date as of May 15, 2020

Dow: (-17.01%)  
S&P 500: (-11.36%)  
Nasdaq: +0.47%

--Notice the Nasdaq went positive for the year over the past 2 weeks

**Treasury Bond Yields:** Year- to-date as of May 15, /2020

1-year Treasury:	0.15%	10-year Treasury:	0.64%
2-year Treasury:	0.16%	30-year Treasury:	1.32%
5-year Treasury:	0.31%		

-- Short term yields came down a little further

-- Yields expected to remain at these low levels for quite some time

**Markets:** (Barron's, IBD, WSJ, RBC, MFS, Reuters, Advisor Perspectives)

- For the week: Dow fell (-2.65%), S&P 500 fell (-2.26%), Nasdaq fell (-1.17%)
- Worst week in more than a month - First 3 days of the week were negative

**Daily Closing Prices:** As measured by the Dow (Dow Jones Industrial Average)

Monday:	-109 points:	-0.44%
Tuesday:	-457 points:	-1.89%
Wednesday:	-517 points:	-2.17%
Thursday:	+377 points:	+1.62%
Friday:	+60 points:	+0.25%

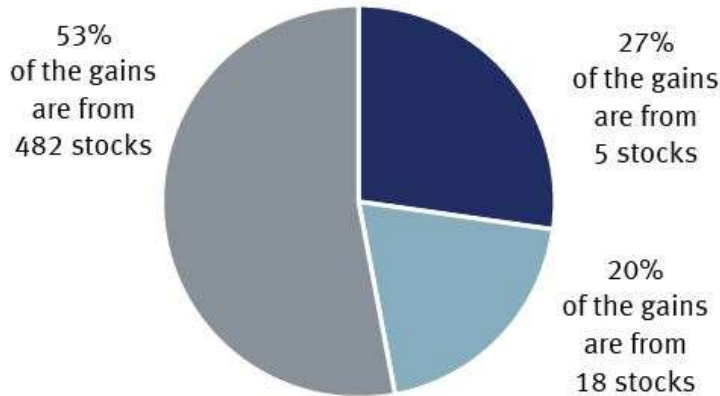
- Global equities were lower on the week
- Oil firmed up to \$28.70 – up from \$24.50 last week
- Volatility, as measured by the Volatility Index (VIX), rose to 34.5 from 29.5.

**By Comparison – The S&P 500:** The Dow is the most commonly mentioned index in social media. The S&P 500 index is perhaps more commonly used in the financial world. Remember the distinction between these 2 indices. The Dow consists of 30 stocks and is a price weighted index. The S&P 500 is a capitalization weighted index with 500 stocks. Here are last week's numbers for comparison with the Dow numbers above.



**S&P 500:** As a capitalization weighted index, the bigger companies have more weight on the index than the smaller companies. The following chart gives you some insight into the strengths of the larger companies within the index.

A small group of stocks has powered the S&P 500 higher  
 Percentage contribution to S&P 500 gains since the low on Mar. 23, 2020



Note: The 5 stocks in dark blue are GOOG (both share classes), AAPL, MSFT, AMZN, FB. The 18 stocks in light blue are JNJ, UNH, PYPL, CVX, V, HD, NVDA, MA, ABT, PFE, XOM, ABBV, LOW, BMY, NKE, LLY, PG, PEP. The S&P 500 currently includes 505 stocks.  
 Source - RBC Wealth Management, Bloomberg; data through 5/13/20

**Asian Equities:** Here is how they are doing year-to-date?

Asian equities: Year-to-date performance



Source - RBC Wealth Management, FactSet; data through 5/13/20

## Economic News:

- US federal spending and federal budget deficit hit record highs in April
- Retail sales fell 16.4% in April eclipsing the 8.3% drop in March – steepest decline month-over-month since 1992
- Industrial production in US fell 11.2% in April – worst reading in 101 years
- Manufacturing output, the biggest component of industrial production fell 13.7%
- Total unemployment claims over the past 2 months are at 36.5 million
- Possibility arising of renewed trade tensions between the US and China – US may cut off semiconductor chip supplies

**Question of the Week:** Is the Nasdaq a capitalization weighted or a price weighted index?

**Question From Last Week:** What was the highest rate of unemployment during the depression under the presidency of Franklin D. Roosevelt?

**Answer:** The highest rate of unemployment during the depression in the 1930s was 25%.

## Did You Know

- As of the end of this past February 2020, the USA had a ***jobless rate of 3.5% with 5.8 million*** out-of-work Americans. As of the end of this past week, our ***jobless rate was 14.7%*** with over ***35 million*** unemployed. (BTN Research, Dep't. of Labor)
- The number of ***operating oil rigs*** in the United States (***both on land and offshore***) as of last Friday 5/08/20 was 374, ***down 54%*** from 805 operating rigs as of 12/31/19 and ***down 65%*** from 1,083 operating rigs as of 12/31/18 (BTN Research, Baker Hughes)

**Sports Trivia** ***Heisman Trophy winner Joe Burrow was picked #1*** by the Cincinnati Bengals in the 2020 NFL draft on 4/23/20. Interestingly, in an article that was published in December 2018, ***he was not listed*** as one of the “11 Best QBs Who Will Be Returning to College Football in 2019”. (BTN Research, Bleacher Report)

**Referrals:** Many sincere thanks for your referrals of family, friends, and associates. I am deeply appreciative.

Sincerely,

***David J. Klein***

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The Dow Jones Industrial Average ("the Dow" or "DJIA"), covers 30 blue chip U.S. companies selected by the editors of the Wall Street Journal. The Dow represents about 25% of the New York Stock Exchange (NYSE) market capitalization and less than 2% of NYSE issues.

The Nasdaq Composite is a market-value weighted index that measures all NASDAQ domestic and foreign common stocks. The Standard and Poor's 500 is an unmanaged, capitalization weighted benchmark that tracks broad-based changes in the U.S. stock market. This index of 500 common stocks is comprised of 400 industrial, 20 transportation, 40 utility, and 40 financial companies representing major U.S. industry sectors. The index is calculated on a total return basis with dividends reinvested and is not available for direct investment. It is not possible to invest directly in an index.