



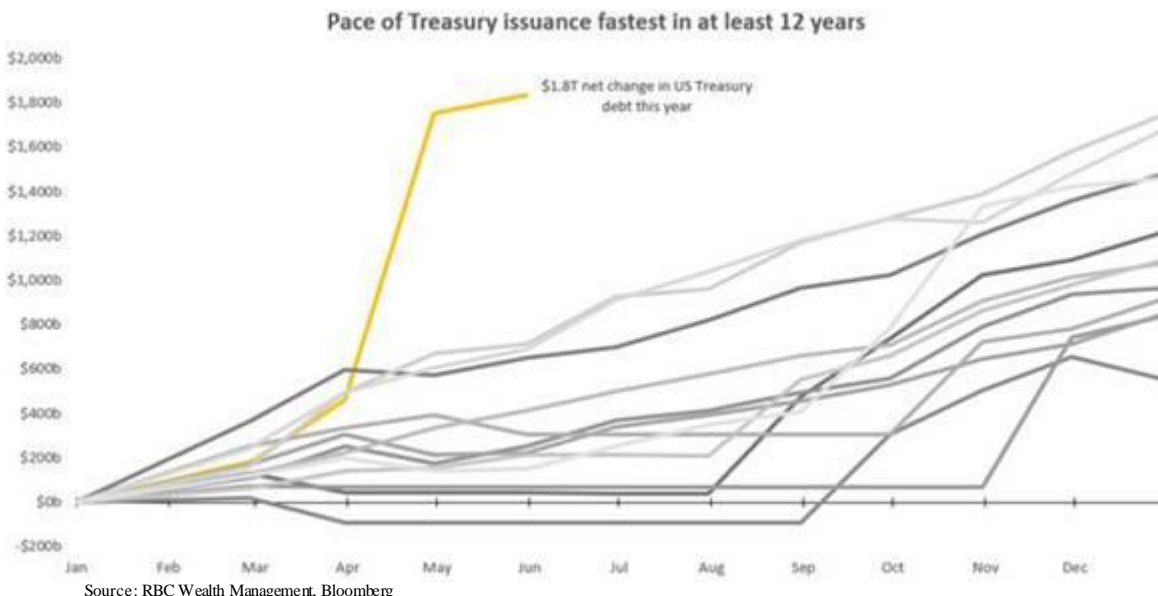
Friday, May 15, 2020

Week in Review, May 15, 2020

Special Focus: Thinking big!

Markets took a step back this week as some economic realities set in. Some cities and states are opening up in phases, but investors are wary of a potential second wave of the virus as well as whether citizens will actually take advantage of the re-opened services. The idea of a “V” shape recovery continues to wane with most economists ([WSJ](#)). In line with this expectation for a longer recovery, RBC’s Mark Mahaney shared some perspectives about internet trends and consumer spending. Check it out [here](#). Likewise, we here in the SRI Wealth Management Group continue to expect a volatile road ahead as we make our way through this challenging time. The S&P 500 ended the week down 2.3%, the DJIA down 2.7% and the NASDAQ down 1.2%.

Federal Reserve Chairman Powell said the economic outlook is “highly uncertain” and that further stimulus could be needed, but for now is holding off on the idea of negative interest rates ([Bloomberg](#)). As shown in the chart below, in order to pay for all this stimulus, the pace of Treasury issuance is the fastest in at least a dozen years.



A study released this week by the Federal Reserve found that almost 40%

of households with income below \$40,000 per year experienced job losses, compared to only 19% of those with income between \$40,000 and \$100,000, and 13% of those with income over \$100,000. On our team, we are using this as a reminder that those of us who can, should try to help those less fortunate ([Politico](#)).

In order to address some of the pain felt by families, businesses and municipalities, Congress continued to debate another stimulus bill, this one expected to be \$3 trillion. That bill appears to be delayed along partisan lines with the White House threatening a veto ([USA Today](#)). While Congress fights it out, some people are thinking about packages with a broader lens that can support a more sustainable rebuild to the U.S. economy. Russell Goldsmith, Founder and Chairman of City National Bank and Chairman of RBC Wealth Management in the U.S., discussed his views on CNBC this week and in an interview [here](#). Highlights include increasing spending for the CDC and our health system to help with this pandemic and future pandemics, spending for universal broadband access, more teachers, better education facilities and resources, clean energy, and job training for unemployed, low-skilled workers. It is a wonderfully articulated, holistic strategy, focused on both immediate relief to those who need it and long term improvements. Andreesen Horowitz shared another insightful approach to rebuilding this week ([a16z.com](#)). We don't agree with everything he says, notably the reference to nuclear energy as a solution, but we appreciate his approach to solving problems by thinking big, broad, and long term.

Have a wonderful weekend and stay safe! As always, please reach out to us with any questions or commentary!

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