

Stock Market News - 03/21/2020

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Market Indexes:

It was a very rough week for the market, with all 4 major indexes losing over -12%. The Tech-heavy NASDAQ held up the best, but still lost -12.64%. The DOW mega caps lagged, losing -17.3%, dominated by Boeing, which lost -44%, while Chevron lost -29% and AAPL lost over -17%.

"In the second emergency interest-rate cut in two weeks on Sunday, the Fed slashed its benchmark back to essentially zero and announced a massive program of bond-buying. It was the latest attempt to save an 11-year expansion from the pandemic, which has wreaked havoc across financial markets and threatens to tip the U.S. into recession too -- if it hasn't done so already." (Bloomberg)

"The U.S. Federal Reserve said on Tuesday it would reinstate a funding facility used during the 2008 financial crisis to get credit directly to businesses and households as fears over a liquidity crunch due to the coronavirus have grown in recent days. The reintroduction of the so-called Commercial Paper Funding Facility (CPFF) is one of a number of moves by the central bank in recent days to try to counter the adverse economic impact of the coronavirus outbreak, and the resulting turmoil in global markets, by pumping money into the real economy.

The CPFF is seen by investors and policymakers as a critical tool by which the Fed can get money directly into the hands of small businesses, which employ around half of the U.S. workforce.

The commercial paper market is an important unsecured, short-term funding market, where companies typically pledge future accounts payables or inventories for cash, which they repay in less than a year. That market has been under strain in recent days amid growing fears that companies suffering business disruptions due to the virus may not be able to pay back the cash." (Reuters)

"Some U.S. homeowners and renters who are reeling under the financial effects of the coronavirus outbreak will not need to fear losing their homes to foreclosure or being evicted during the public-health crisis, officials said this week.

The Federal Housing Finance Agency announced Wednesday it had told Fannie Mae and Freddie Mac to suspend all foreclosure actions and evictions for at least 60 days because of the coronavirus national emergency. The suspension applies to homeowners who have a loan backed by Fannie or Freddie. Freddie Mac and Fannie Mae have also said they would provide forbearance options to borrowers who were affected by the pandemic. Forbearance allows mortgage payments to be suspended for up to 12 months because of economic hardship that was caused by the coronavirus outbreak.

"This foreclosure and eviction suspension allows homeowners with an Enterprise-backed mortgage to stay in their homes during this national emergency," said FHFA director Mark Calabria." (MarketWatch)

INDEX	CURRENT PRICE	% CHANGE	YTD % CHANGE	THIS MONTHS CHANGE	THIS WEEKS CHANGE %
DOW JONES INDUSTRIALS	\$19,173.98	-4.55%	-32.81%	-24.54%	-17.30%
S&P 500	\$2,304.92	-4.34%	-28.66%	-21.98%	-14.98%
NASDAQ COMPOSITE	\$6,879.52	-3.79%	-23.33%	-19.70%	-12.64%
RUSSELL 2000 ETF	\$101.40	-2.38%	-38.79%	-30.70%	-15.13%

This Week's Options Trades: Looking for high yield covered call hedging trades and high yield put-selling trades?

Options Yields are still surging. We added 4 new trades this week to our [Public Cash Secured Puts Table](#) and our [Public Covered Calls Table](#).

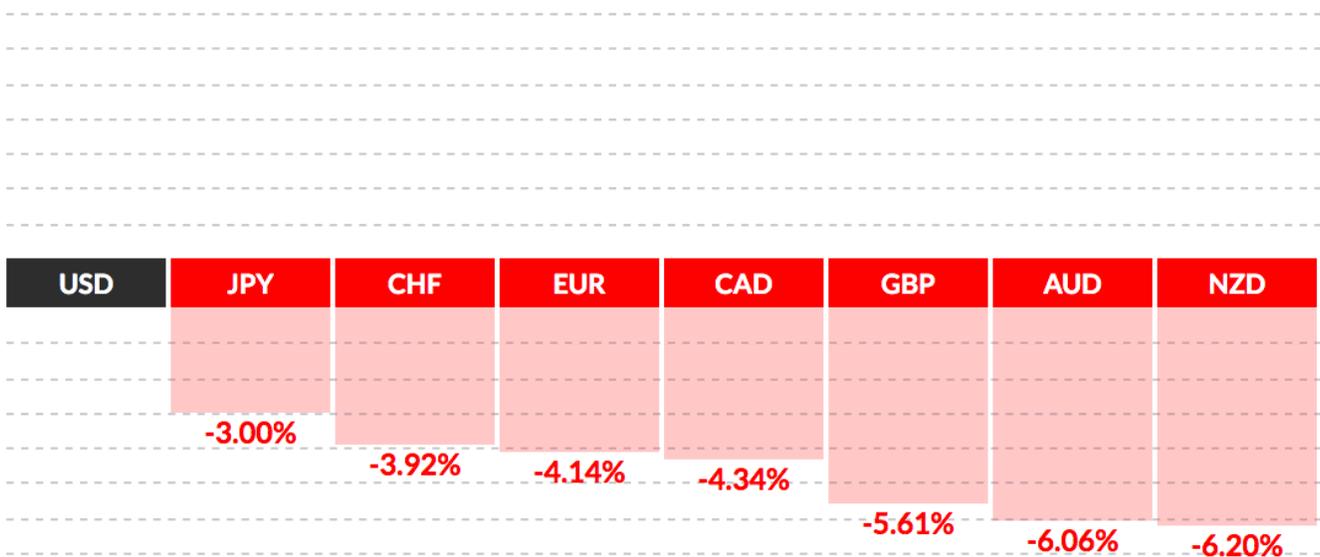
Volatility: The VIX rose 14% this week, ending the week at \$66.04. It has now been 4 weeks of sustained high volatility.

High Dividend Stocks: These high yield stocks go ex-dividend next week: GMRE, MO, STX, CM, CVA.

Market Breadth: 0 out of 30 DOW stocks rose again this week, vs. 0 last week. 5% of the S&P 500 rose, vs. 3% last week. Market breadth continued to post lows not seen in years.

FOREX: The US \$ rose vs. most major currencies again this week.

1 WEEK RELATIVE PERFORMANCE [USD]



Our Latest Seeking Alpha Articles:

["Con Ed: Dividend Aristocrat, Plus 2 High Yield Option Trades" \(FRIDAY\)](#)

["American Homes 4 Rent: 8%-Plus Yields, Solid 35% Payout Ratio, 17% FFO Growth, Insiders Buying" \(SATURDAY\)](#)

Economic News: "To combat the economic fallout of the pandemic, the Fed on Sunday cut its key rate to near zero, triggering an unscheduled easing by the Reserve Bank of New Zealand to a record low as markets in Asia opened for trading this week. The Bank of Japan later stepped in by easing monetary policy further in an emergency meeting. The Fed launched a \$700 billion quantitative easing program on Sunday in an effort to stimulate the U.S. economy and ensure liquidity in financial markets." (Reuters)

"As governments restrict gatherings, businesses and schools close, and families begin to hunker down in an effort to reduce the spread of the virus, Fed officials will "do what we can to ease hardship" as economic activity slows this quarter and next, he said.

"We really are going to use our tools to do what we need to do here," Powell said, adding that the Fed has gone in "strong" and could increase bond-buying and use other tools to support market functioning and the flow of credit, what he called the Fed's "most important" function.

A broader set of Fed powers, including direct lending to financial firms, remains at the Fed's disposal, and Powell said the central bank would not hesitate to use them if needed. Powell said he could not say how long or how big the downturn will be, but promised to keep rates where they are until Fed officials are "confident that the economy has weathered recent events and is on track to achieve its maximum employment and price stability goals." The Fed will delay official economic forecasts until June, he said.

The Fed and other major foreign central banks also cut pricing on their swap lines to make it easier to provide dollars to financial institutions around the world facing stress in credit markets." (Reuters)

Retail Sales ex-Auto fell-.4% in February. Housing Starts and Permits both were lower than in January. Leading Economic Indicators rose .1% in February, vs. .7% in January.

THIS WEEK'S MAJOR U.S. ECONOMIC REPORTS & FED SPEAKERS

TIME (ET)	REPORT	PERIOD	ACTUAL	MEDIAN FORECAST	PREVIOUS
MONDAY, MARCH 16					
8:30 am	Empire State index	March	-21.5	--	12.9
TUESDAY, MARCH 17					
8:30 am	Retail sales	Feb.	-0.5%	0.1%	0.6%
8:30 am	Retail sales ex-autos	Feb.	-0.4%	0.1%	0.6%
9:15 am	Industrial production	Feb.	0.6%	0.5%	-0.5%
9:15 am	Capacity utilization	Feb.	77.0%	77.1%	76.8%
10 am	Job openings	Jan.	7.0 mln	--	6.6 mln
10 am	NAHB home builders' index	March	72	--	74
10 am	Business inventories	Jan.	-0.1%	--	0.0%
WEDNESDAY, MARCH 18					
8:30 am	Housing starts	Feb.	1.599mln	1.493mln	1.624mln
8:30 am	Building permits	Feb.	1.464mln	1.500mln	1.550mln
2 pm	Federal funds announcement		Canceled		0-0.25%
2:30 pm	Jerome Powell press conference		Canceled		
THURSDAY, MARCH 19					
8:30 am	Weekly jobless claims	3/14	281,000	220,000	211,000
8:30 am	Current account	Q4	-\$110bln	--	-\$124bln
8:30 am	Philly Fed manufacturing index	March	-12.7	8.0	36.7
10 am	Leading economic indicators	Feb.	0.1%	--	0.7%
FRIDAY, MARCH 20					
10 am	Existing home sales	Feb.	5.77mln	5.51 mln	5.42mln

(MarketWatch)

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Week Ahead Highlights: We'll get a new estimate for Q4 '19 GDP next week. There will be several Consumer-based reports out next week.

Next Week's US Economic Reports:

TIME (ET)	REPORT	PERIOD	ACTUAL	FORECAST	PREVIOUS
MONDAY, MARCH 23					
8:30 am	Chicago Fed national activity	Feb.		--	-0.25
TUESDAY, MARCH 24					
9:45 am	Markit manufacturing PMI (flash)	March		--	50.7
9:45 am	Markit services PMI (flash)	March		--	49.4
10 am	New home sales	Feb.		750,000	764,000
WEDNESDAY, MARCH 25					
8:30 am	Durable goods orders	Feb.		-1.0%	-0.2%
8:30 am	Core capital goods orders	Feb.		-0.5%	1.1%
THURSDAY, MARCH 26					
8:30 am	Weekly jobless claims	3/21		2.25 mln	281,000
8:30 am	GDP	Q4		2.1%	2.1%
8:30 am	Advance trade in goods	Feb.		-\$63.5 bln	-\$65.2bln
FRIDAY, MARCH 27					
8:30 am	Personal income	Feb.		0.4%	0.6%
8:30 am	Consumer spending	Feb.		0.3%	0.2
8:30 am	Core inflation	Feb.		0.2%	0.1
10 am	Consumer sentiment	March		84.5	95.9

(MarketWatch)

Sectors: All sectors fell again this week, with Telecoms and Staples holding up the best, and Real Estate lagging.

INDUSTRY SECTOR	YTD % CHANGE	THIS MONTH'S CHANGE	THIS WEEKS CHANGE %
Tech	-22.09%	-19.18%	-15.17%
Utilities	-26.00%	-23.09%	-17.08%
Health Care	-22.35%	-14.60%	-12.76%
Real Estate	-29.76%	-26.18%	-23.08%
Telecoms (US)	-21.95%	-16.68%	-10.55%
Industrials	-36.91%	-29.67%	-18.33%
Consumer Staples	-19.97%	-13.09%	-10.97%
Consumer Discretionary	-29.99%	-24.19%	-14.16%
Financials	-38.56%	-28.88%	-17.96%
Basic Materials	-33.77%	-22.84%	-12.53%
Energy	-56.93%	-42.88%	-19.66%

Futures: WTI Crude crude fell -25.5% this week, ending at \$23.64, its lowest price since 2002.

1 WEEK RELATIVE PERFORMANCE

