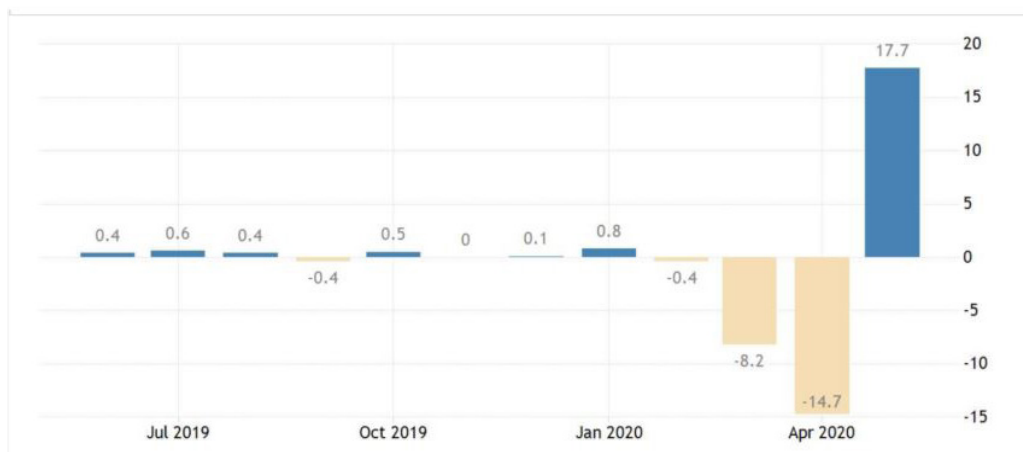


WEEK IN REVIEW

Friday, June 19th 2020

- **RETAIL SALES SURPRISED TO THE UPSIDE THIS WEEK**, up 17.7% month over month. Economists expected a much lower number after a weak March and April. Compared to a year earlier, sales were still down 6%. Consumers continued to spend on home improvement while increased purchases of clothing and consumer electronics were observed as retail stores began to open. The sustainability of sales will be monitored to determine if pent up demand is at work today and sales will fade going forward, or the economy is in a sustained recovery.

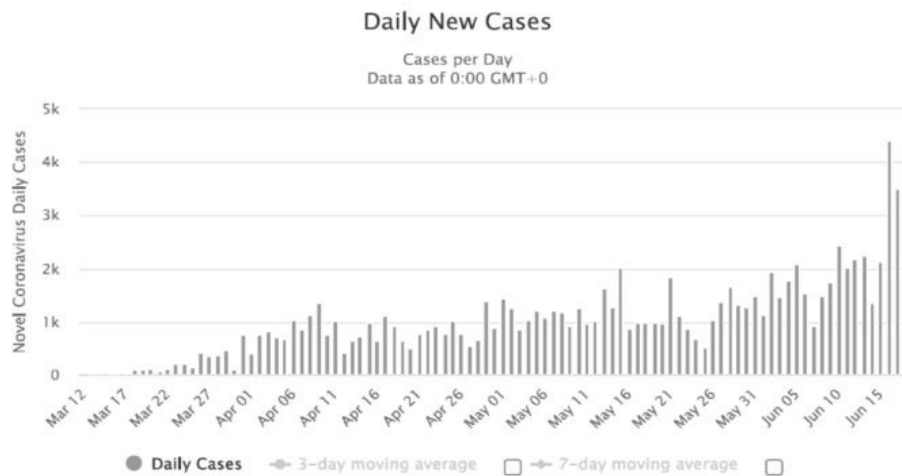


Source: TradingEconomics.com | U.S. Census Bureau

- **CONTINUING UNEMPLOYMENT CLAIMS** remained above 20 million at 20.5 million this week. Initial unemployment claims were also higher than expected at 1.5 million. Unemployment remains stubbornly high. Time will tell as jobs come back online in service industries, if those gains will be offset by further lay-offs in other industries. HSBC announced global job cuts of 35,000 this week.
- **IN THE US, MISSED DEBT PAYMENTS** total more than 100 million according to the Wall Street Journal. Consumers have skipped payments across student loans, auto loans, and other forms of debt in the midst of this pandemic. Financial institution credit costs were running quite low before the pandemic but increasing charges for credit costs are likely to continue throughout the year.

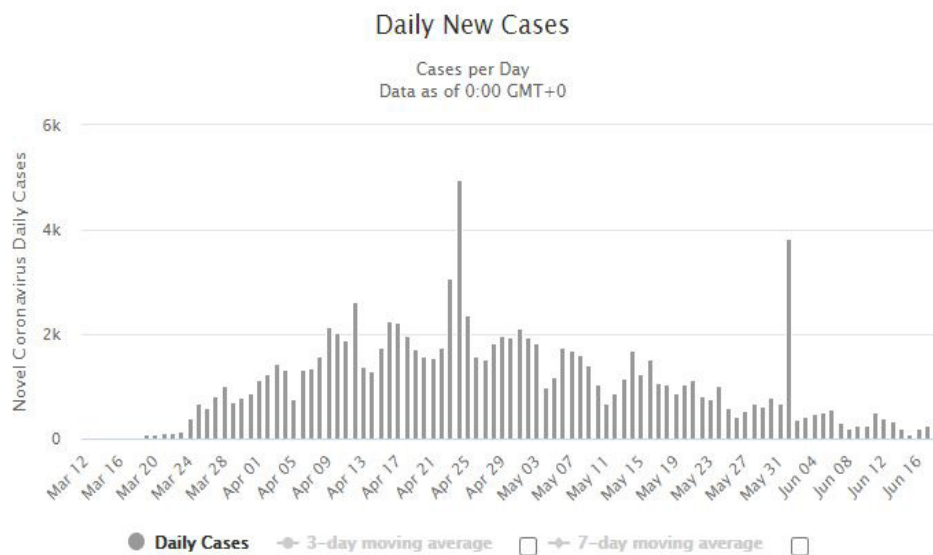
- CORONAVIRUS DAILY NEW CASES in the US are generally stable overall, while state economies that were the first to open have showed an increase. States such as Texas (below), Florida and Arizona are all seeing increasing cases. Internationally, reports from Beijing, China indicated a resurgence as well. Here in Massachusetts, we continue to see a general decline in the daily new cases (below).

Daily New Cases in Texas



Source: Worldometer.com

Daily New Cases in Massachusetts



Source: Worldometer.com

- CORONAVIRUS TREATMENT NEWS WAS POSITIVE ON THE WEEK. A UK study suggests that the steroid dexamethasone reduces the fatality rate amongst seriously ill patients. This drug has been on the market for quite awhile and is sold at a reasonable cost.
- ANOTHER POSITIVE PIECE OF MEDICAL NEWS on the week was Eli Lilly reporting that its study on cancer drug Verzenio showed positive results in preventing breast cancer recurrence. This differentiated approach to treatment would be positive for future patients.

THINKING AHEAD

Retail sales demonstrated this week that consumers still want to spend money. The consumer driven US economy will recover as fast as the consumer will take it. The stock market, as measured by valuations and performance since the trough, continues to indicate that the consumer recovery is under way. The job market continues to signal the opposite story with unemployment stubbornly high. Spending will be difficult to maintain if the job market remains weak. The government continues to ponder another stimulus package which could buoy spending in the short run. The mosaic of risk facing investors today is still high across many fronts – medical, social, election, fiscal, economic, etc. A balanced asset allocation approach continues to be prudent as opportunities for recovery are weighed against the mosaic of risks.

We will continue to provide weekly updates. In the meantime, you can access our thought leadership pieces on our [Insights](#) page and by following us on [LinkedIn](#).

You can access a recording of all prior weekly webinars [here](#).

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