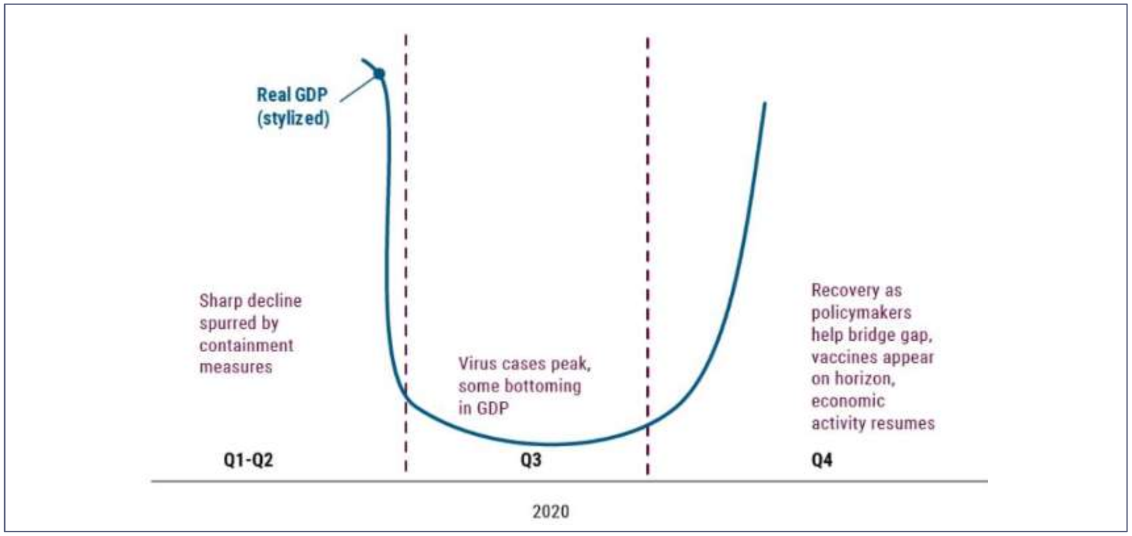
Market Recap

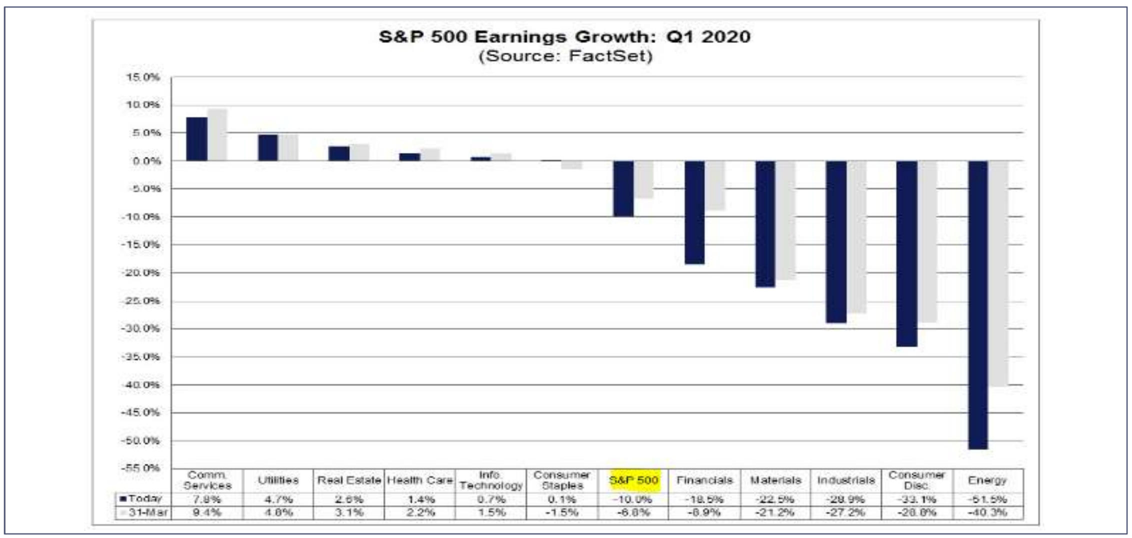
The Shape of Things to Come



Source: PIMCO

The IMF projects the U.S. economy will decline by approximately 6% in 2020 as global GDP falls by 3%. Unprecedented monetary and fiscal policy should foster an economic upturn eventually. However, investors are already looking beyond the COVID-19 pandemic and focusing on the shape of the recovery. A reacceleration in economic activity will likely take place in waves, as various regions and sectors are gradually revitalized. Nonetheless, damage to the supply chain and demand will not be erased all at once. Consequently, the bottom of this cycle will likely linger for a while, resulting in a U-shaped recovery. If we have a second outbreak in the fall, a W shaped recovery may become the more likely scenario.

All Eyes on Earnings



	Comm. Services	Utilities	Real Estate	Health Care	Info. Technology	Consumer Staples	S&P 500	Financials	Materials	Industrials	Consumer Disc.	Energy
Today	7.8%	4.7%	2.6%	1.4%	0.7%	0.1%	-10.0%	-18.5%	-22.5%	-28.9%	-33.1%	-51.5%
31-Mar	9.4%	4.8%	3.1%	2.2%	1.5%	-1.5%	-6.8%	-8.9%	-21.2%	-27.2%	-28.8%	-40.3%

Source: FactSet

Markets have rebounded quickly over the past two weeks in response to the unparalleled speed and scope of government stimulus, as well as signs that the COVID-19 outbreak may be leveling off in several hot spot regions. However, company results will be an important testing ground for the sustainability of the recovery. As companies begin to report Q1 results, overall earnings are expected to decline by -10.0% for the S&P 500. If -10.0% ends up being the actual decline for the quarter, it would mark the largest year-over-year decline in earnings for the index since Q3 2009 (-15.7%).

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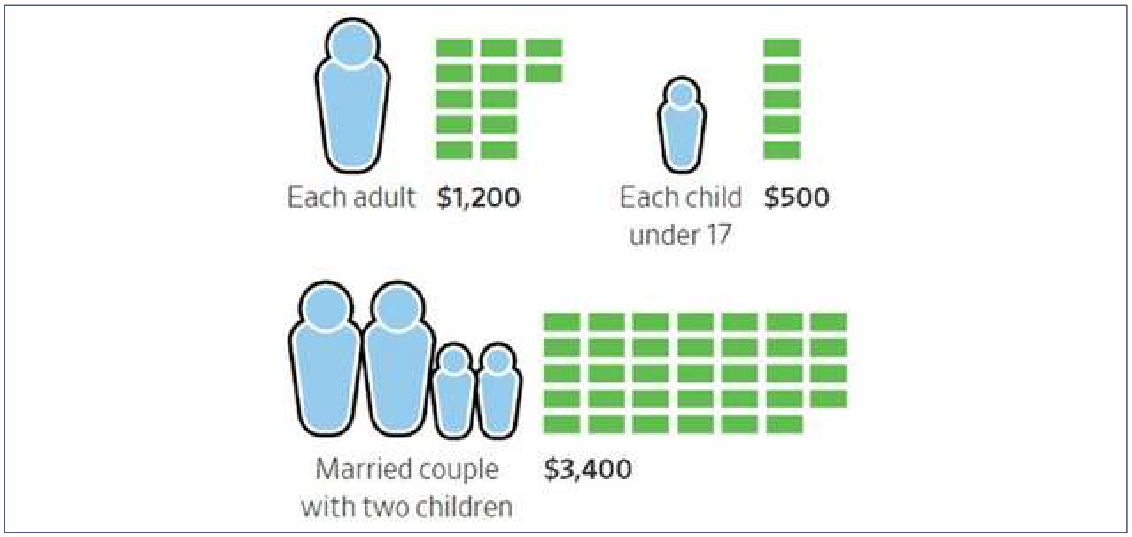
Why Refinance

Source: M&T Bank

Homeowners refinance their mortgage for a variety of reasons, but many explore this option to secure a lower interest rate. When refinancing a mortgage, a new loan is taken out to pay off the previous loan balance. Ideally, the new loan will have a lower interest rate than the previous mortgage, thus lowering interest costs for the remainder of the loan term. However, it's also important to determine whether the savings received from refinancing outweigh the costs associated with it (e.g. appraisal fees, title fees, origination fees, etc.). Refinancing expenses typically run anywhere between $1,500-$5,000. Given the relatively fixed costs involved in refinancing, the savings on a $1 million mortgage are substantially greater than a $100,000 mortgage.

Help for Main Street



Source: Wall Street Journal

The United States Treasury has sent out over 80 million stimulus checks during the last week. Individuals with an adjusted gross income of $75,000 or less are eligible for a single payment of up to $1,200. Joint filers will receive up to $2,400 if they earn below $150,000. The government will gradually reduce payments above these income thresholds. Additionally, families will be given $500 per dependent child under age 17. Unfortunately, some people will be excluded, like students. Unlike Cars for Clunkers during the last recession, this stimulus requires no purchases by consumers. While the full impact of COVID-19 is difficult to predict, these measures will soften the blow between now and the eventual recovery.

Contact: If you have any questions or comments, please do not hesitate to contact us at 703.992.6164. For more information about Harbour Capital Advisors, please visit our website at www.harbourcapitaladvisors.com.

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