This Week's Market Moves

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U.S. stocks ended the week mixed, as investors weighed rising coronavirus cases against progress on the vaccine front. Here are some other insights on the markets and the economy from last week:

STOCKS HOVER NEAR RECORD HIGHS

U.S. stocks hovered near record highs as investors grappled with concerns over the near-term economic fallout from the resurgent virus against positive developments on the vaccine front. On the week, the Dow closed down 0.65%, the S&P was off a modest 0.73%, and the tech-heavy NASDAQ gained 0.25%.

A THIRST FOR YIELD

The low interest rate environment continues to push investors out the risk spectrum in search of higher returns. This has driven investment-grade and high-yield credit spreads, the extra compensation an investor receives for taking on additional risk, to their lowest levels since February. The yields of the riskier sectors of the U.S. bond market have also fallen to all-time lows.

TREASURY ENDS FED'S EMERGENCY LENDING PROGRAMS

Treasury Secretary Steve Mnuchin does not want to renew some of the Federal Reserve's emergency lending programs that were established during the pandemic, which include the corporate credit, municipal lending, and Main Street program for small- and medium-sized business. These temporary programs were set to expire at the end of the year. In a rare form of public dissent, Fed policymakers rebuked the decision.

LABOR MARKET RECOVERY STALLS

The number of Americans applying for first-time unemployment benefits unexpectedly rose to 742,000 this past week, a sure sign that the labor market is stalling. Continuing claims, which report those currently receiving benefits, fell to a low of 6.4 million. However, there has been an increase in the number of workers on the federal government's extended benefits program, which lasts for an additional 13 weeks.

RETAIL SALES SOFTEN

Consumer spending, which accounts for nearly two-thirds of the economy, softened in October. The slowdown comes as many state officials rush to reimpose restrictions to contain the rampant spread of the virus, with hopes for additional fiscal stimulus before year-end unlikely. While the monthly gain was softer-than-expected, retail sales remain above their pre-pandemic levels.

HOME SALES SURGE

House prices continue to climb. The National Association of Realtors reported existing home sales increased over 26% from one year earlier, its highest level since 2006. Record low mortgage rates and city-dwellers migrating to the suburbs are fueling this trend. However, the lack of affordable inventory and 15% year-over-year gains in median home prices may temper further gains.

THE PANDEMIC RAGES ON

The rapid spike in coronavirus cases is showing no signs of abating. The seven-day moving average of daily cases just topped 160,000, a new record. The virus surge across the nation has led to tighter restrictions, renewed lockdowns, and calls for cancelling Thanksgiving from local leaders and health officials. Stock prices have largely ignored the massive headwinds the economy is facing again, as the market has been more hopeful about vaccine developments.

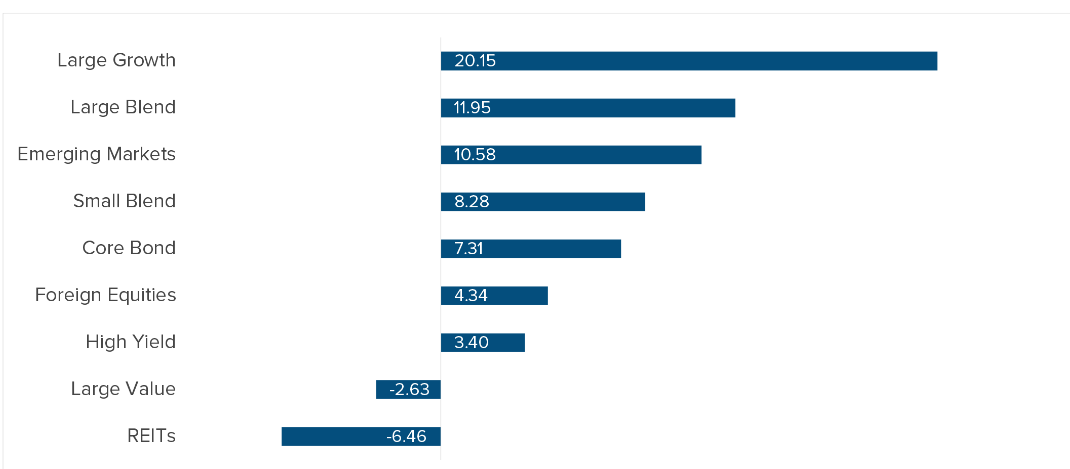
STIMULUS PROGRAMS EXPIRING

A wide range of emergency aid programs, such as those that provide relief to gig workers who are not eligible for unemployment benefits, extended benefit programs, eviction moratoriums, and mortgage forbearance, are set to expire at year-end if Congress does not act soon. These programs have been a lifeline for millions of Americans who lost jobs and are still reeling financially from the pandemic.

JPMORGAN PREDICTS Q1 GDP WILL DECLINE

JPMorgan, in their 2021 outlook, is now indicating that first-quarter growth could be negative, due to the spreading virus and associated restrictions. However, the bank does anticipate GDP expansion in Q2 and Q3 of 2021, as the vaccine becomes widely distributed.

TOTAL RETURNS BY ASSET CLASS YTD AS OF NOVEMBER 20, 2020



Indices: Core Bond: Bloomberg Barclays U.S. Aggregate Index, High Yield: ICE BofA US High Yield, Large Value: Russell 1000 Value Index, Large Blend: S&P 500 Index, Large Growth: Russell 1000 Growth, Emerging Markets, MSCI EM NR USD, Foreign Equities: MSCI ACWI Ex USA NR USD, REITs: FTSE NAREIT All Equity, Small Blend: Russell 2000

Should you have additional questions, please contact your Cammack Retirement Group consultant or info@cammack retirement.com. Note that this article was published on November 23, 2020. Data represented is as of the publication date. The information contained herein has been obtained from sources that are believed to be reliable. However, Cammack Retirement Group does not independently verify the accuracy of this information.