

**Last Week's Economic/Market Summary – November 9, 2020**

**Data**

- U.S. equity indices had their best week since April.<sup>1</sup>
  - S&P 500 +7.3%, Dow +6.87%, Russell 2000 +6.88%, Nasdaq +9.01%<sup>1</sup>
    - The All-Country World Index was up 7.58%.<sup>1</sup>
  - S&P 500 sub-sectors were all higher on the week.
    - Technology & Healthcare led to the upside with gains over 8%.<sup>1</sup>
    - Energy lagged; gaining only 0.73%<sup>1</sup>
  - The CBOE Volatility Index (VIX) lost 35% to end the week at 24.<sup>1</sup>
- US Treasury bond yields ended the week mostly lower.
  - US 2yr flat at 0.15%, 10yr -0.05% to 0.82%, 30yr -0.06% to 1.60%.<sup>1</sup>
  - This reiterates our thoughts that the relationship of bonds to equities continues to evolve.
- Commodities as an aggregate asset class moved higher last week.
  - WTI Crude gained nearly 4%.<sup>1</sup>
  - Gold was up 3.84%.<sup>1</sup>
  - The US Dollar index sank 1.85%.<sup>1</sup>
- In our opinion, U.S. economic data was mixed last week.
  - The monthly jobs report came in at +638k jobs.<sup>1</sup>
  - The unemployment dropped below 7% for the 1<sup>st</sup> time since the pandemic began.<sup>1</sup>
  - Purchase Manager Indices remained elevated and in expansionary ground.<sup>1</sup>
- An index of equities outside the US (FTSE All-World ex-US) was up over 7% last week.<sup>1</sup>

---

<sup>1</sup> Source: Bloomberg – 11/6/2020

**Disclosures:** The information provided in this paper is for general informational purposes only and should not be considered an individualized recommendation of any particular security, strategy or investment product, and should not be construed as investment, legal or tax advice. Capital Investment Advisory Services, LLC makes no warranties with regard to the information or results obtained by third parties and its use and disclaim any liability arising out of or reliance on the information. This information is subject to change and, although based on information that Capital Investment Advisory Services, LLC considers reliable, it is not guaranteed as to accuracy or completeness. Source information is obtained from independent financial data suppliers. For investment related terms definitions, please visit: [www.investopedia.com](http://www.investopedia.com) Past performance is no guarantee of future results. Additional information about CIAS and its Form ADV Part 2A are available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) Advisory services through Capital Investment Advisory Services, LLC Securities may be offered through Capital Investment Group, Inc. Member FINRA/SIPC Both firms located at 100 E. Six Forks Rd. Suite 200, Raleigh, NC 27609 919-831-2370

## Conclusion

- US equity markets surged in the best election-week performance since FDR was elected in 1932.<sup>2</sup>
  - S&P 500 +7.3%, Dow +6.87%, Russell 2000 +6.88%, Nasdaq +9.01%
  - In our opinion, markets bounced back from last week's -5.6% decline as the prospect of a divided Congress outweighed the fact that no presidential winner was declared by week's end.
    - We believe the uncertainty being over helped drive institutional investors to remove their market hedges/protection and this naturally caused some rises to equities.
  - Ultimately, market eyes remain focused on more stimulus that undoubtedly will come from both the gov't and the Federal Reserve.
- S&P 500 sub-sectors were all massively higher last week.
  - Technology & healthcare led to the upside.
    - We believe growth areas led the advance last week that was ultimately triggered systematically by a drop in long duration interest rates.
  - Energy lagged on the week while still closing higher.
    - We believe a Biden victory could reshape the US energy sector and market participants' calls for the sector going out of business are a few decades too soon.
    - In our opinion, Energy could bounce back viciously as some point as there is still some profits for investors to participate in within the sector.
- Despite the massive equity rally, Treasury yields were lower on the week.<sup>2</sup>
  - We reiterate that the past 35yr comparisons of the relationship of stocks to bonds could be fundamentally changing.
    - This remains something we continue to pay a lot of attention to as the direction of interest rates has a massive, domino effect on all other asset classes.
  - Interesting to note that President-elect Biden is poised to enter office in January after campaigning for trillions of dollars in additional fiscal stimulus to battle the economic fallout from Covid-19.<sup>2</sup>
    - This undoubtedly could have a great impact on the level of US interest rates.
- The Federal Reserve meeting (Nov 4-5) was overshadowed by the election.
  - As expected, the Fed Funds rate was left unchanged.<sup>2</sup>
  - Chairman Jerome Powell said the current pace of asset purchases remains appropriate, but the committee discussed options if more accommodation is needed.<sup>2</sup>
    - We continue to believe that the Fed will do as it stated to keep the economy booming.
      - Stimulating "however long it takes..." was the quote.

**Ryan A. Mummy, CFP®, AIF® - Chief Investment Officer**

Contact: 828/855-9400 or [info@CIASonline.com](mailto:info@CIASonline.com) or [rmummy@bloomberg.net](mailto:rmummy@bloomberg.net)

---

<sup>2</sup> Source: Bloomberg – 11/6/2020

**Disclosures:** The information provided in this paper is for general informational purposes only and should not be considered an individualized recommendation of any particular security, strategy or investment product, and should not be construed as investment, legal or tax advice. Capital Investment Advisory Services, LLC makes no warranties with regard to the information or results obtained by third parties and its use and disclaim any liability arising out of or reliance on the information. This information is subject to change and, although based on information that Capital Investment Advisory Services, LLC considers reliable, it is not guaranteed as to accuracy or completeness. Source information is obtained from independent financial data suppliers. For investment related terms definitions, please visit: [www.investopedia.com](http://www.investopedia.com) Past performance is no guarantee of future results. Additional information about CIAS and its Form ADV Part 2A are available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) Advisory services through Capital Investment Advisory Services, LLC Securities may be offered through Capital Investment Group, Inc. Member FINRA/SIPC Both firms located at 100 E. Six Forks Rd. Suite 200, Raleigh, NC 27609 919-831-2370