



**Last Week's Economic/Market Summary – November 30, 2020**

**Data**

- U.S. equity indices were higher across the board in last week's holiday shortened trading session.
  - S&P 500 +2.27%, Dow +2.03%, Russell 2000 +3.9%, Nasdaq +3%<sup>1</sup>
    - The All-Country World Index finished +2.39%.<sup>1</sup>
  - S&P 500 sub-sectors were mostly higher on the week.
    - Energy led to the upside once again with a gain of 8.66%.<sup>1</sup>
    - Real Estate was the only negative sector with a loss of 0.32%.<sup>1</sup>
  - The CBOE Volatility Index (VIX) declined over 12% to end the week at 20.84.<sup>1</sup>
  
- US Treasury bond yields were mixed last week.
  - US 2yr -0.01% at 0.15%, 10yr +0.01% to 0.84%, 30yr +0.05% to 1.57%.<sup>1</sup>
  - The short end dropping while longer dated maturities rising caused the yield curve to steepen.
  
- Commodities as an aggregate asset class moved higher last week.
  - WTI Crude gained 7.3%.<sup>1</sup>
  - Gold fell over 4%.<sup>1</sup>
  - The US Dollar index was lower by 0.66%.<sup>1</sup>
  
- In our opinion, U.S. economic data was mixed last week.
  - Unemployment claims came in higher than expected.<sup>1</sup>
  - Consumer confidence came in lower than expected for October.<sup>1</sup>
  - Durable goods orders were better than expected.<sup>1</sup>
  
- An index of equities outside the US (FTSE All-World ex-US) was up 2.04% last week.<sup>1</sup>

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<sup>1</sup> Source: Bloomberg – 11/27/20

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## Conclusion

- US equity markets moved higher in last week's holiday-shortened trading period.
  - S&P 500 +2.27%, Dow +2.03%, Russell 2000 +3.9%, Nasdaq +3%
  - The S&P 500 and the Dow added to the records they set earlier in November, while the Nasdaq topped a previous all-time high that it recorded in early September.
    - The Dow topped 30,000 points for the first time on Tuesday but slipped below that level by Friday's close.<sup>2</sup>
  - Markets reacted favorably to positive vaccine news, former Fed chair Janet Yellen being announced as president-elect Biden's Treasury Secretary & the Trump administration's decision to start the formal transition of power.
  - The rotation towards year-to-date underperforming asset classes continued last week as the small-cap tracking Russell 2000 led major indices to the upside once again.
- S&P 500 sub-sectors were almost all positive last week
  - Energy once again led last week with a gain of over 8%.<sup>2</sup>
    - The price of WTI Crude shot higher by 7.3% for its 4<sup>th</sup> weekly rise in a row.<sup>2</sup>
    - A report showing an unexpectedly large drop in US crude supplies seemed to help.
  - Financials were the 2<sup>nd</sup> best performing sector with a gain of 4.7%.<sup>2</sup>
    - We are paying close attention to the bond market as any steepening in the yield curve should be a tailwind to Financials.
  - Real Estate was the only negative sector, despite some positive housing news last week.
- The latest Fear & Greed Index came in at 92 last week.<sup>2</sup>
  - This is despite a record amount of money sitting in cash at present.
  - Note that just a month ago, this investor sentiment reading was at 35.<sup>2</sup>
  - In our opinion, this could contribute to a nice year-end run higher in the markets.
- The Volatility Index (VIX) sank to its lowest level since pre-Covid in early February.
  - The VIX briefly traded below the critical 20 level before closing Friday at 20.8.<sup>2</sup>
  - The "fear index" is down a whopping 50% from its recent high on October 28<sup>th</sup>.<sup>2</sup>
  - We believe that if the VIX can firmly break that 20 level and stay below that level, equity markets could see a nice acceleration to the upside.
- Early measures of the critical holiday-spending are showing some resiliency in the American consumer.
  - As expected, foot traffic is severely depressed however online shopping is up substantially.
    - Some early measures of online spending have it up around 50% vs 2019.<sup>2</sup>
  - We remind everyone that consumer spending/consumption is a critical component to the economy and all eyes will continue to be on these numbers.

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<sup>2</sup> Source: Bloomberg – 11/27/20

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