

WEEKLY UPDATE

AUGUST 24, 2020

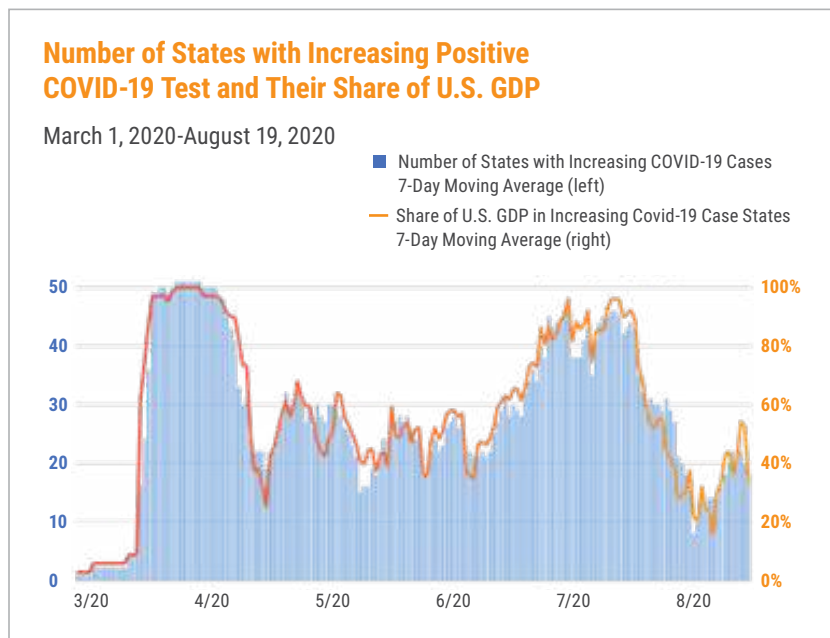
CARY STREET
PARTNERS

EQUITY MARKETS

For the most part, equities continued to tread water last week, with the S&P 500 Index returning .83%.¹ The S&P continues to trade right around significant resistance found at 3400. This is a highly watched level that is a proving ground for equity prices. The CBOE Volatility Index (VIX) continues to trade below its ten-week average. This price bears watching as we are in the midst of a seasonally weak period for equities compounded by an upcoming election. Higher volatility, as indicated by a higher VIX, moves inversely to equity prices.

COVID developments will remain front and center for equities, as progress on this front is essential for equity markets to continue to look forward through the near-term struggles. Vaccine developments remain on track for rapid deployment around the beginning of 2021. At this point there are two candidates that are in large scale phase three trials, Moderna and Pfizer/BioNTech. Last week Pfizer/BioNTech indicated that they may be in regulatory review as early as October, a rapid result. Johnson and Johnson will also enter large scale phase three trials for its candidate, using 60,000 participants versus the 30,000 in the other two competitor trials. Production for these candidates, as well as a strong candidate from AstraZeneca/University of Oxford in Europe, is proceeding parallel to trials and regulatory review. This will expedite market delivery upon regulatory approval.

Below is a chart with data through August 19th, that illustrates the economic impact of COVID by state in the U.S. The recent surge in economically important states seems to be trending downward again as mitigation efforts have been reinstated in those states.



Source: Covidtracking.com, BEA.gov, First Trust Advisors

¹MarketWatch

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WEEKLY BENCHMARKS

GROUP/INVESTMENT	YTD Return (Cumulative) 8.21.2020
US EQUITY BENCHMARKS	
SPDR® S&P 500 ETF TRUST	6.51
ISHARES DOW JONES US ETF	6.39
ISHARES RUSSELL 1000 ETF	6.92
ISHARES RUSSELL 1000 VALUE ETF	-11.06
ISHARES RUSSELL 1000 GROWTH ETF	24.79
ISHARES RUSSELL 2000 ETF	-6.15
INTERNATIONAL EQUITY BENCHMARKS	
ISHARES MSCI ACWI EX US ETF	-4.53
ISHARES MSCI ACWI ETF	2.31
US FIXED BENCHMARKS	
ISHARES SHORT TREASURY BOND ETF	0.83
ISHARES CORE US AGGREGATE BOND ETF	7.06
ISHARES TIPS BOND ETF	8.64
ISHARES IBOX \$ INVMT GRADE CORP BD ETF	8.46
ISHARES IBOX \$ HIGH YIELD CORP BD ETF	-1.03
ISHARES MBS ETF	3.77
INTERNATIONAL FIXED BENCHMARKS	
ISHARES CORE GLOBAL AGGT BD ETF USD DIST	5.85
US FIXED MUNI BENCHMARKS	
ISHARES NATIONAL MUNI BOND ETF	3.54
REAL ASSETS	
ISHARES GOLD TRUST	26.14
SPDR® DOW JONES GLOBAL REAL ESTATE ETF	-20.16

Source: Morningstar

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CREDIT MARKETS

Corporate risk spreads widened last week. U.S. high yield bond funds saw the first outflow in seven weeks as investors pulled money from HY ETFs according to Refinitiv Lipper. High yield bond issuance continues to set records as yields remain close to pre-pandemic levels.²

ECONOMIC RELEASES

- **HOUSING STARTS** increased by 22.6% in July to 1,495,000 units, above market expectations of 1,245,000 units. Starts posted their largest monthly gain since October 2016.
- **THE FEDERAL OPEN MARKET COMMITTEE (FOMC)** meeting minutes for July were released last week. Those minutes indicate the Federal Reserve is likely to remain accommodative through the end of 2021.
- **INITIAL JOBLESS CLAIMS** were 1.106 million in the week ending August 15, above market expectations of 920k.
- **EXISTING HOME SALES** in July rose to 5.86 million units +24.7% Month-over-Month, above consensus estimates of 5.4 million units. This increase is the strongest since 2006. Median home prices increased +8.5% Year-over-Year to \$304,100 the highest on record.³

²Bloomberg Barclays U.S Corporate High Yield, Yield to worst

³All Economic News data sourced from Bloomberg

Past performance is no guarantee of future results.

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