

# WEEKLY UPDATE

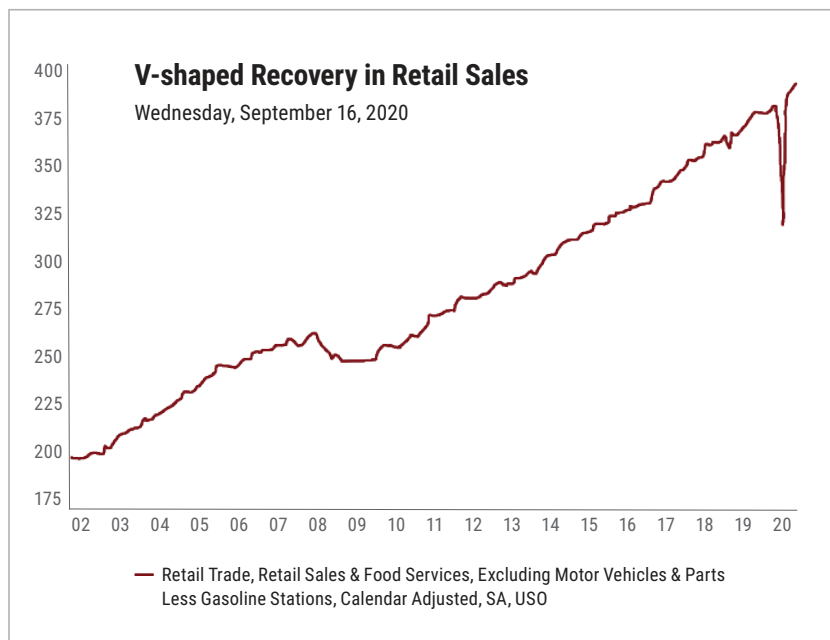
SEPTEMBER 21, 2020

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## EQUITY MARKETS

Last week saw equity markets drift lower, with the S&P 500 Index declining .64%<sup>1</sup> on the week. The market currently trades around its 50-day moving average, the good news being that the spike above that trend level which we experienced over July and August has been worked off. That excess over the 50-day moving average was particularly prevalent among mega-cap technology names. The markets are currently facing seasonal headwinds for the remainder of September, and it is unlikely we will get concrete COVID vaccine trial results for another few months. Combined with a lack of earnings reports for a similar time-period, there are no significant catalysts that are foreseeable at this point. Consequently, a consolidating market.

Attention is beginning to focus on the economics of 2021 as we progress through this natural disaster. Growth will be well above average for 2021, if for no other reason that 2020 is so bad. But there are substantial signs that the bulk of forecasters are underestimating 2021's potential. Leading indicators are increasingly looking robust. Last week saw retail sales report, as captured in the chart below. The encouraging signs are occurring without the benefit of a COVID solution, or even consistent mitigation. Vaccine progress, along with the current decent level of mitigation effort, will accelerate this positive trend.



Source: Renaissance Macro Research, Macrobond

## ECONOMIC NEWS<sup>2</sup>

The Federal Reserve Open Market Committee (FOMC) met on Wednesday, September 16 and released its final statement before the Presidential election in November.

## WEEKLY BENCHMARKS

GROUP/INVESTMENT	YTD Return (Cumulative) 9.18.2020
<b>US EQUITY RETURNS</b>	
SPDR® S&P 500 ETF TRUST	4.22
ISHARES DOW JONES US ETF	4.26
ISHARES RUSSELL 1000 ETF	4.85
ISHARES RUSSELL 1000 VALUE ETF	-10.65
ISHARES RUSSELL 1000 GROWTH ETF	19.70
ISHARES RUSSELL 2000 ETF	-7.00
<b>GLOBAL EQUITY RETURNS</b>	
ISHARES MSCI ACWI EX US ETF	-3.09
ISHARES MSCI ACWI ETF	1.71
<b>US FIXED INCOME RETURNS</b>	
ISHARES SHORT TREASURY BOND ETF	0.83
ISHARES CORE US AGGREGATE BOND ETF	6.85
ISHARES TIPS BOND ETF	9.09
ISHARES IBOX \$ INVMT GRADE CORP BD ETF	8.32
ISHARES IBOX \$ HIGH YIELD CORP BD ETF	-0.50
ISHARES MBS ETF	3.63
<b>GLOBAL FIXED INCOME BENCHMARKS</b>	
ISHARES CORE GLOBAL AGGT BD ETF USD DIST	6.43
<b>US FIXED INCOME MUNI RETURNS</b>	
ISHARES NATIONAL MUNI BOND ETF	3.21
<b>REAL ASSETS</b>	
ISHARES GOLD TRUST	27.86
SPDR® DOW JONES GLOBAL REAL ESTATE ETF	-20.06

Source: Morningstar

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The FOMC held the overnight target rate in the range of 0% to 0.25%. As revealed at the Central Bank's Jackson Hole conference, the Federal Reserve has changed its long-term policy on targeting inflation. The new policy will measure inflation over a period and allow inflation to overshoot the 2% target, to compensate for prior periods of low inflation and get to an average of 2% over time.

The Federal Reserve statement stressed that economic activity has improved, but "the ongoing public health crisis will continue to weigh" on the economy. The Central Bank will continue to purchase Treasuries and mortgage backed securities at the current pace to support the ongoing effort to provide credit and liquidity.

The Federal Reserve's economic outlook has improved from the June Summary of Economic Projections. The GDP forecast rose from -6.5% to -3.7%. The 2020 unemployment forecast was revised from 9.3% to 7.6% and 2021 was revised from 6.5% to 5.5%.

## ECONOMIC RELEASES<sup>2</sup>

- **RETAIL SALES FOR AUGUST** increased 0.6%, below economists' estimates of 1.0%. Federal jobless benefits expired at the end of July.
- **INITIAL JOBLESS CLAIMS** totaled 860,000 in the week ending September 12, better than market expectations of 875,000.
- **HOUSING STARTS** decreased 5.1% to 1.416 million units, below estimates 1.488 million units. Housing Starts fell more than forecast in August primarily due to weakness in the storm-battered South.

<sup>1</sup> MarketWatch

<sup>2</sup> All Economic News and Economic Release data sourced from Bloomberg

### Past performance is no guarantee of future results.

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