

# WEEKLY UPDATE

NOVEMBER 16, 2020

CARY STREET  
PARTNERS

## EQUITY MARKETS

Markets continued their move higher last week, with the S&P 500 Index climbing 2.21%.<sup>1</sup> There were four ongoing stories last week. First, equities continued to move up as election risk premia dissipated. This is an extension of the high fear reading accompanied by a lack of credit stress set up from two weeks prior. Second, a major COVID vaccine announcement took place. Pfizer/BioNTech reported interim efficacy of their phase-three trial candidate that was far above expectations – greater than 90% efficacy. Third, there was a rotation within equity markets last week as value stocks outperformed growth issues by a wide margin early in the week. Finally, longer-term interest rates moved decidedly higher with the ten-year Treasury trading as high as 96 basis points by week-end. The steepened yield-curve also helped bank stocks catch a bid and move higher, a major factor in the stock rotation toward value.

There is a lot of upside momentum to the stock market as it attempts to breakout above the 3588 S&P resistance level. While the vaccine and treatment developments are unambiguously positive, the most likely market trip wire going forward is the multi-month path to production and widespread distribution, which in and of itself will not begin until FDA approval is secured. In the meantime, over the next two months, the U.S. and Europe will contend with an exploding epidemic.

## ECONOMIC NEWS

The economic story is about weighing the discouraging current COVID surge versus the encouraging vaccine news. Consequently, the likely fallout from an economic expectation standpoint are some revisions in outlook lower for Q4, but higher for 2021. Inflation remains low, with headline and core figures for October coming in flat. Over the last year core inflation climbed 1.6%, well below the Federal Reserve target of 2%, a persistent theme for the last decade. Jobless claims came in better than expectations last week, on both an initial and continuing basis. The continued recovery in claims bodes well for forward progress in the jobs market. Inventory build should provide a tailwind over the next six months.

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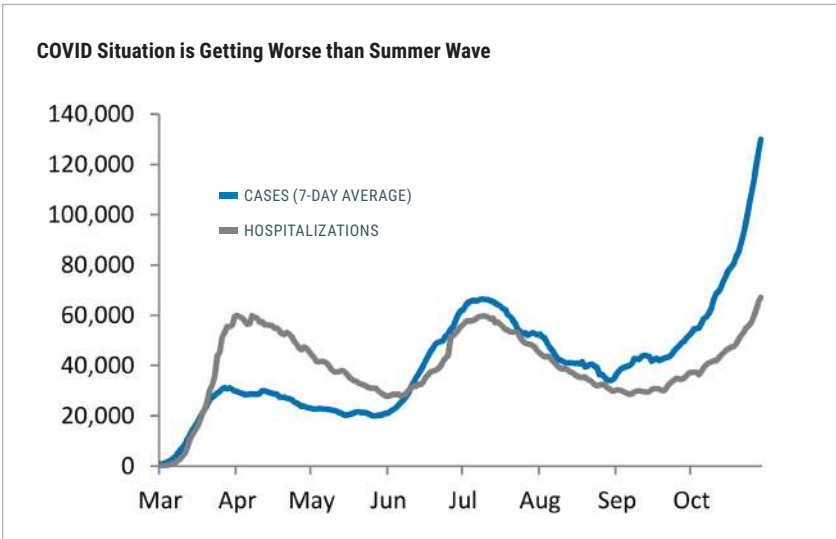
## WEEKLY BENCHMARKS

GROUP/INVESTMENT	YTD Return (Cumulative) 11.13.2020
<b>US EQUITY RETURNS</b>	
SPDR® S&P 500 ETF TRUST	12.80
ISHARES DOW JONES US ETF	13.15
ISHARES RUSSELL 1000 ETF	13.75
ISHARES RUSSELL 1000 VALUE ETF	-2.82
ISHARES RUSSELL 1000 GROWTH ETF	29.53
ISHARES RUSSELL 2000 ETF	5.71
<b>GLOBAL EQUITY RETURNS</b>	
ISHARES MSCI ACWI EX US ETF	2.24
ISHARES MSCI ACWI ETF	8.95
<b>US FIXED INCOME RETURNS</b>	
ISHARES SHORT TREASURY BOND ETF	0.82
ISHARES CORE US AGGREGATE BOND ETF	6.61
ISHARES TIPS BOND ETF	8.73
ISHARES IBOX \$ INVMT GRADE CORP BD ETF	8.81
ISHARES IBOX \$ HIGH YIELD CORP BD ETF	1.39
ISHARES MBS ETF	3.76
<b>GLOBAL FIXED INCOME BENCHMARKS</b>	
ISHARES CORE GLOBAL AGGT BD ETF USD DIST	6.69
<b>US FIXED INCOME MUNI RETURNS</b>	
ISHARES NATIONAL MUNI BOND ETF	3.50
<b>REAL ASSETS</b>	
ISHARES GOLD TRUST	23.89
SPDR® DOW JONES GLOBAL REAL ESTATE ETF	-13.98

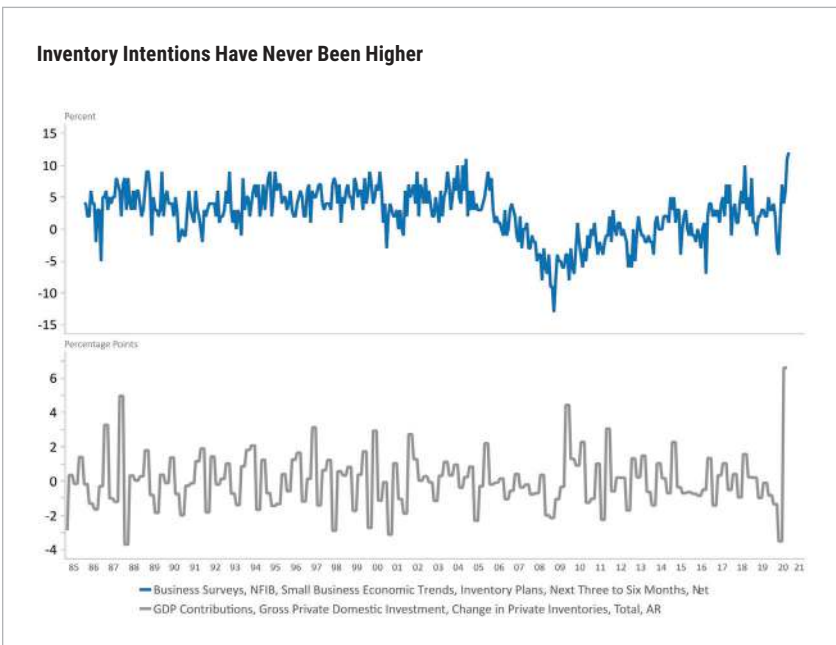
Source: Morningstar

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Source: Renaissance Macro Research, Haver Analytics



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<sup>1</sup> MarketWatch

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