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| **RESOURCE LOG – October 2020** |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
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| Value Stocks Beat Growth, in a Shift | Value stocks – often defined as companies whose shares trade at a low multiple of their book value, or net worth – outpaced growth stocks for the month as investors turned away from the fast-growing technology companies that had long powered the market higher. Instead, many investors looked for opportunities to scoop up shares in industries such as materials, transportation and utilities, many of which have been badly beaten down by the coronavirus pandemic this year.The change in strategy pushed the Russell 1000 Growth Index down 4.8% for the month, ending its record 11-month winning streak over its value counterpart. The Russell 1000 Value Index, which measured the performance of large-cap value companies, fell just 2.6% in September.Even more, they say, as investors continue to look for gains in an environment with near-zero interest rates, many value tocks offer a promise of dividend yield.Growth stocks, or those that offer higher-than-average profit growth, have largely driven U.S. stocks higher for more than a decade, led by megacap technology companies that have posted eye-popping gains. S September Bank of American survey found a greater number of fund managers expect value to outperform growth over the next 12 months, a reversal from the month before.  | The Wall Street Journal | 10/01/2020 | Cailtin McCabe |
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| Fed Confronts Risk Of Asset Bubbles | Federal Reserve officials’ promises to hold interest rates very low for a long time could pose a dilemma once the pandemic is over: how to deal with the risk of asset bubbles.Those concerns flared when Dallas Fed President Robert Kaplan dissented from the central bank’s Sept. 16 decision to spell out those promises.“There are costs to keeping rates at zero for a prolonged period,” Mr. Kaplan said in an interview. He added that he worries such a commitment “causes people to take more risk in that they know it’s much less likely that they’re going to be able to earn on savings.” The Fed is now seeking periods of inflation above its 2% target to compensate for periods like the current one, when inflation is running below that goal and short-term rates are pinned near zero. This means the Fed will effectively abandon its prior approach of raising rates pre-emptively, before inflation reaches 2%. | The Wall Street Journal | 10/01/2020 | Nick Timiraos |
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| What’s News | ♦ U.S. stocks turned in a second consecutive quarter of dramatic gains, continuing a historic stock-market recovery. For the quarter, the S&P 500, Dow and Nasdaq rose 8.5%, 7.6% and 11%, respectively. | The Wall Street Journal | 10/01/2020 |  |
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| Cost of Decoupling From China Is High*Companies will need major government help to even partially move their supply chains outside the country* | If politicians want to achieve even a partial decoupling from China without significant risk to corporate finances, bit help will be needed.In the first half of the year, China outperformed major beneficiaries of the U.S.-China trade war like Vietnam, notes HSBC.The bank, in a February note, found manufacturing labor productivity in China was roughly four times as high as in Southeast Asia – a sign of china’s industrial prowess. | The Wall Street Journal | 10/02/2020 | Nathaniel Taplin |
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| Auto Sales Show Signs of Pickup*Demand for SUVs, trucks leads rebound; GM’s decline slows to 10% from 34%* | The U.S. auto industry’s recovery gathered momentum in the third quarter, with sales at auto makers rebounding from coronavirus-related lows and buyers returning to showrooms.…analysts said the selling pace in September was expected to be closer to what it was earlier this year – before the pandemic brought business to a near-standstill this spring.Leading the recovery is rising demand from consumers buying cars at dealerships, as opposed to fleet operators and other businesses that purchase vehicles in bulk and are still reeling from the crisis.September sales were boosted in part by the Labor Day holiday weekend, when many dealerships offer discounts to lure customers, but the overall performance points to strong underlying demand for new vehicles, said Thomas King, J.D. Power’s president of data and analytics. | The Wall Street Journal | 10/02/2020 | Nora Naughton |
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| Income Drop, Layoffs Slow U.S. Recovery | A drop in household income and persistently high layoffs are threatening to further slow the U.S. economic recovery, which appears to be losing momentum.The economy up to now has rebounded more quickly than many economists thought. But with federal aid expiring and job growth slowing, consumer spending – the key driver of economic activity in the U.S. – could weaken, economists said, cautioning that the recovery appears to be entering a modest and more grinding phase.Consumers increased spending over the summer. But the August boost to spending of 1% was far smaller than the 9% growth in May, 7% in June and 2% in July. Few economists expect the third quarter’s growth to persist. | The Wall Street Journal | 10/02/2020 | Josh Mitchell |
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| Virus Pain Persists For Oil Companies | Despite a modest economic recovery, oil-and-gas companies are being hammered by a sustained drop in consumption of gasoline and jet fuel as millions of people work from home and avoid driving and flying. That is combining with longer-term concerns about future competition from renewable energy and electric vehicles to drag down the value of many oil-and-gas companies to decade lows.A stock index of U.S. oil-and-gas companies is down about 57% in 2020 even as the overall stock market is up slightly.Exxon and Shell said this week that key parts of their business continued to struggle through the summer and early fall, which will weigh down third-quarter results.  | The Wall Street Journal | 10/02/2020 | Christopher M. Matthews and Sarah McFarlane |
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| Solid Demand Sustains Factory Upturn | U.S. manufacturing activity continues to rebound from the sharp downturn in the spring, when factories closed to contain the spread of the new coronavirus.A pair of manufacturing surveys released Thursday shows firms saw solid demand domestically and from abroad in September, leading the backlogs of new orders.“Companies reported a marked upturn in demand for plant and machinery, which suggests firms are increasing their investment spending again after expansion plans were put on hold during the spring,” said Chris Williamson, chief business economist at IHS Markit. | The Wall Street Journal | 10/02/2020 | David Harrison and Paul Hannon |
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| Corporate Bond Sales Reach Record*Firms have issued more than $1.4 trillion in debt in 2020 but pace is likely to slow* | U.S. companies sold more debt during the third quarter of 2020 than ever before, extending this year’s record-breaking bond bonanza into the second half of the year even as some analysts predict a slowdown.Boosting those sales: yield-hungry investors. With the yield on the 10-year Treasury note around 0.6%, they have added more than $273 billion to corporate-bond funds since the end of April, according to Refinitiv Lipper data. The average extra yield, or spread, investors demand to hold investment-grade corporate bonds over U.S. Treasurys was 1.36 percentage points on Wednesday, according to Bloomberg Barclays data. | The Wall Street Journal | 10/03-04/2020 | Sebastian Pellejero |
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| Investors Jolted by Trump COVID News | U.S. stocks fell Friday after President Trump said he and the first lady tested positive for coronavirus, but all three major indexes held on to notch gains for the week.The Dow ended Friday down 134.09 points, or 0.5%, to 27682.81, its first loss in three days. Gains from recent sessions helped push the Dow up 1.9% for the week, halting a four-week losing streak. | The Wall Street Journal | 10/03-04/2020 | Michael Wursthorn and Caitlin Ostroff  |
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| Job Gains Slow as Layoffs Persist | Hiring gains slowed sharply heading into the fall as more layoffs turned permanent, adding to signs that the U.S. economy faces a long slog to fully recover from the coronavirus pandemic.The U.S. has replaced 11.4 million of the 22 million jobs lost in March and April, at the beginning of the pandemic. | The Wall Street Journal | 10/03-04/2020 | Sarah Chaney |
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| What’s News | ♦ Major U.S. tech stocks look vulnerable to a corporate-tax increase that might result from a Democratic sweep in November, potentially undermining one of the strongest drivers of the market’s recovery this year. | The Wall Street Journal | 10/05/2020 |  |
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| Retail, Housing Offer Shelter From Election Storm | The potential doomsday outcomes of an already-caustic presidential election campaign are spurring anxiety among investors who are trying to position themselves for any wild surprises.For investors who are trying to make portfolio changes in anticipation of volatility, Brian Rose, senior economist at UBS Global Wealth Management, recommends focusing on sectors that are likely to be less affected by either candidate’s victory.Mr. Rose cautioned investors against becoming too attached to the fate of a particular candidate and making an emotional decision to buy or sell shares.A mistake to avoid this year, Mr. Rose said, is assuming a Joe Biden administration would hurt markets because of his tax policies. | The Wall Street Journal | 10/05/2020 | Paul Vigna |
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| Biden Tax Plan Would Hit Tech | Democratic presidential nominee Joe Biden has proposed raising the corporate tax rate to 28% from 21%, imposing a new minimum tax on U.S. companies are increasing taxes on foreign income of many U.S.-based multinationals, among other plans.Together, the tax proposals would reduce expected earnings among companies in the S&P 500 by 9.2%, according to estimates from BofA Global Research. The effects would especially hit technology companies.Mr. Biden’s plan would produce estimated double-digit percentage declines in profits in the information-technology communication-services and consumer-discretionary sectors, BofA’s Analysis found.The S&P 500 has surged 50% from its low in late March and is up 3.6% for the year. | The Wall Street Journal | 10/05/2020 | Karen Langley |
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| Stocks Rise as Political Risks Ease*Uncertainty on leadership, lack of agreement on aid still hang over markets* | The S&P 500 rose 60.19 points, or 1.8%, to 3408.63, signaling that the broad market gauge may follow up on gains from early last week.The Nasdaq Composite Index climbed 257.47 points, or 2.3%, to 11332.49, while the Dow Jones Industrial Average added 465.83 points, or 1.7%, to 28148.64.Uncertainty over the leadership of the U.S. government rattled markets late last week after Mr. Trump tested positive for Covid-19…On the economic front, the U.S. services sector posted a steady increase last month, marking its fourth straight month of gains after large contractions in April and May. | The Wall Street Journal | 10/06/2020 | Anna Isaac and Logan Moore |
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| Treasurys Lose Status as Safety Net for Investors | Investors for years could chase returns and guard against economic ups and downs by putting 60% of their funds in stocks and 40% in bonds. When storm clouds gathered and the S&P 500 took a hit, Treasury yields would typically fall and bond values rise, alleviating losses on stocks.But the wave of central-bank stimulus unleashed to combat the Covid-19 crisis has repressed government bond yields in the U.S. and elsewhere, and threatens to keep yields trapped at low levels for years to come.The fear is that when stocks next take a tumble, bonds won’t cushion the fall.The yield on the 10-year Treasury note settled Monday at 0.760%...It is rare for stocks and government bonds both to fall in value together, but that happened in March: A basic 60% stocks-40% Treasurys portfolio suffered one of the worst single-month losses since the 1960s, according to Goldman Sachs. | The Wall Street Journal | 10/06/2020 | Paul J. Davies |
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| COVID Economy Carves Deep Divide Between Haves and Have-Nots | A two-track recovery is emerging from the country’s pandemic-driven economic contraction. Some workers, companies and regions show signs of coming out fine or even stronger. The rest are mired in a deep decline with an uncertain path ahead.Just months ago, economists were predicting a V-shaped recovery – a rapid rebound from a steep fall…What has developed in more like a K. On the upper arm of the K are well-educated and well-off people, businesses tied to the digital economy or supplying domestic necessities, and regions such as tech-forward Western cities. By and large, they are prospering.On the bottom arm are lower-wage workers with fewer credentials, old-line businesses, and regions tied to tourism and public gatherings. They can expect to bear years-long scars.The divergence helps explain the striking disconnect of a stock market and household wealth near record highs, while lines stretch at food banks and applications for jobless benefits continue to grow.Consumer spending rose 1% in August but overall personal income fell 2.7% from July, as the unemployed received less government aid, according to Commerce Department figures reported Thursday. | The Wall Street Journal | 10/06/2020 | Eric Morath, Theo Francis and Justin Baer |
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| Stocks Fall on Halt in Aid Talks |  | The Wall Street Journal | 10/07/2020 | Sam Goldfarb and Anna Isaac |
|  | Stocks had been climbing in the afternoon but immediately reversed course after Mr. Trump tweeted that he had told his representatives to end negotiations with Democrats over a new aid package…The S&P 500 dropped 47.66 points, or 1.4%, to 3360.97, while the Dow Jones Industrial Average slid 375.88 points, or 1.3%, to 27772.76 and the Nasdaq composite declined 177.88 points, or 1.6%, to 11154.60.Yields on U.S. government bonds also fell as investors shifted to safer assets, although the move was notably modest compared with the gains that preceded them over the past two sessions. |  |  |  |
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| What’s News | ♦ The U.S. posted its widest monthly trade deficit in over a decade in August as imports or consumer goods set a monthly record. | The Wall Street Journal | 10/07/2020 |  |
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| Lagarde Says Bank Set to Add Stimulus | European Central Bank President Christine Lagarde said the bank is ready to inject fresh monetary stimulus to support the eurozone’s stuttering economic recovery from the COVID-19 pandemic, including by cutting a key interest rate further below zero.…Ms. Lagarde warned that Europe’s economic recovery looks “a little bit more shaky” amid a second wave of infections in countries like France and Spain. | The Wall Street Journal | 10/07/2020 | Thorold Barker |
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| Fed Divided Over Policy Framework | Federal Reserve officials were divided last month over how to apply their new policy framework to an economy battered by the coronavirus pandemic, according to minutes of their Sept. 15-16 meeting released Wednesday.New projections released at the meeting show officials expected a somewhat stronger economic rebound this year and a speedier drop in the unemployment rate that they did in June.But the minutes show many officials premised their brighter economic forecasts on additional spending from congress and the White House that now seems less likely to materialize soon.Though the minutes indicated a contentious debate, the diversity of views didn’t seem likely to diminish the commitment of Fed officials to carry out their policy, said Roberto Perli, an analyst at Cornerstone Macro.  | The Wall Street Journal | 10/08/2020 | Nick Timiraos |
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| Stocks Jump on Revived Stimulus Hopes*Airline shares benefit from backpedaling on deal, led by United, American and Delta* | Stocks climbed Wednesday after President Trump appeared to soften his stance on a further stimulus package for American households, airlines and small businesses.The Dow Jones Industrial Average rose 530.70 points, or 1.9%, to 28303.46, and the S&P 500 gained 58.50 points, or 1.7%, to 3419.45. The Nasdaq composite Index added 210 points, or 1.9%, to 11364.60.Mr. Trump’s fusillade of tweets whipsawed the market, but investors have begun to expect a Democratic victory in November, and more stimulus spending after that, said Oanda analyst Edward Moya.Investors for some weeks have been skeptical that Democrats, the White House and Republicans would be able to bridge their differences over a broad fiscal spending plan… | The Wall Street Journal | 10/08/2020 | Caitlin Ostroff and Paul Vigna |
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| OPEC Expects Global Demand for Oil Won’t Peak for Two Decades | The world’s thirst for oil is unlikely to peak for two more decades but may already have crested in the U.S. and other wealthier countries, according to a forecast by OPEC.The Organization of the Petroleum Exporting Countries expects demand for its core product to fall over 10% among the world’s richest economies this year, and says it will never return to pre-pandemic 2019 levels.Over the course of the next 25 years, it expects demand in those most developed countries to fall by about 27%, according to its closely watched annual oil supply and demand survey. | The Wall Street Journal | 10/09/2020 | David Hodari and Rebecca Elliott |
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| What’s News | ♦ U.S. unemployment claims remained elevated above pre-pandemic highs last week, as layoffs persist and the labor-market recovery flashes signs of a slowdown. | The Wall Street Journal | 10/09/2020 |  |
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| Stimulus Talks Are On Again, But Deal Is Elusive*Negotiations show signs of life after Pelosi ties airline aid to broad agreement* | Democratic and White House negotiators resumed discussions over a coronavirus relief deal Thursday, but gave no indication they were closer to resolving deep-seated disputes that led President Trump to end negotiations earlier this week.Few on Capital Hill were optimistic that congress and the White House would reach an agreement before the Nov. 3 election. | The Wall Street Journal | 10/09/2020 | Kristina Peterson and Allison Sider |
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| S&P Rises to Highest Level in a Month | Investors have remained cautiously optimistic that Congress will reach an agreement on fiscal stimulus measures aimed at parts of the economy…“It’s still all about stimulus at this point: We’re seeing markets move on optimism that some kind of package is going to get done,” said Esty Dwek, head of global market strategy at Natixis Investment Managers. “It’s just a question of how much the Republicans will agree to.”The S&P 500 rose 27.38 points, or 0.8%, to 3446.83, pushing the broad-market index to its highest level since Sept. 3. The Dow Jones Industrial Average climbed 122.05 points, or 0.4%, to 28425.51, and the tech-heavy Nasdaq Composite advanced 56.38 points, or 0.5%, to 11420.98.Meanwhile, the market’s continued rise has made some investors nervous that speculative buying has pushed stocks to expensive levels, putting them at risk for a reversal even if the economy continues to improve. | The Wall Street Journal | 10/09/2020 | Anna Hirtenstein and Ben Eisen |
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| What’s News | ♦ The S&P 500 rose Friday, closing out its biggest weekly advance in three months as investors welcomed signs pointing to a decisive result in next month’s U.S. presidential election. The benchmark ended the week up 3.8%. | The Wall Street Journal | 10/10-11/2020 |  |
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| Boosted Offer Kindles Hope for Stimulus*White House gets closer to Democrats’ bill, but a deal before election faces hurdles* | Treasury Secretary Steven Mnuchin presented to House Speaker Nancy Pelosi (D., Calif.) a proposal of more than $1.8 trillion on Friday, in the largest bid the Trump administration has made to Democrats over months of talks.Any deal would face hurdles to passage before Election Day. | The Wall Street Journal | 10/10-11/2020 | Kristina Peterson, Kate Davidson and Andrew Duehren |
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| Investors Expect Earnings Will Turn A Corner | Profits among companies in the S&P 500 are still expected to decline sharply from last year, but analysts have been lifting their estimates over the course of the quarter – a move that goes against the norm. typically, earnings expectations decline as a quarter progresses.With the economy continuing to reopen slowly, profits of the large U.S. companies in the flagship stock index are now projected to drop 21% from a year earlier in the third quarter.Results that top forecasts could fuel a further leg up for a stock market that has advanced more than 50% from its March lows. | The Wall Street Journal | 10/12/2020 | Karen Langley |
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| Stocks Extend Rally, Led by Tech Sector*S&P 500 closes at its second-highest level lever, as Apple, Amazon spur Nasdaq* | All three major U.S. indexes climbed for the fourth consecutive session. The S&P 500 rose 57.09 points, or 1.6%, to 3534.22 – its second-highest close in history. The Dow rallied 250.62 points, or 0.09%, to 28837.52.The Nasdaq Composite surged 296.23 points, or 2.6%, to 11876.26, its third-highest close. All three indexes are closing in on their early September highs after a recent stretch of volatility.With the economy continuing to slowly reopen, profits of the large companies in the S&P 500 are projected to record a drop of 20% from a year earlier, an improvement from the 25% decline anticipated at the end of June.“The last two weeks were about improving market [participation]… but today it’s a day focused on technology,” said Keith Lerner, chief market strategist at Truist/SunTrust Advisory.Overseas, shares also climbed.In commodities, U.S. oil fell $1.17, or 2.9%, to $39.43 a barrel. Gold futures gained $3, or 0.2%, to $1,922.50 a troy ounce.  | The Wall Street Journal | 10/13/2020 | Jem Bartholomew and Caitlin McCabe |
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| Gold Starts to Lose Its Shine as a Haven Asset | When stocks fall, investors want a diversifier that rises in value to cushion the loss. But gold fell alongside stocks during the market panic in March and again last month, and might continue to move with stocks for some time.We’re in an environment where stocks like inflation, and gold likes inflation. The outlook for inflation is closely tied to the economy, with a stronger economy (perhaps due to an agreement on stimulus) meaning more inflation and vice versa. An improving economy should help stock prices, so stocks rise with gold. A worsening economy would mean less inflation, so stocks fall and so does gold.The pattern has been repeated many times in the past. Gold shines when inflation fears are rising in a weak economy. Inflation then makes Treasurys unattractive, while a weak economy both makes stocks unappealing and encourages the Fed to cut rates or keep them low. | The Wall Street Journal | 10/14/2020 | James Mackintosh |
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| What’s News | ♦ The WTO said the European Union may impose tariffs on $3.99 billion in Boeing jets and other U.S. goods annually as part of a long-running trade dispute. | The Wall Street Journal | 10/14/2020 |  |
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| What’s News | ♦ JPMorgan and Citigroup delivered better-than-expected quarterly results, but the leaders of both banks warned that the economy isn’t out of the woods. | The Wall Street Journal | 10/14/2020 |  |
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| What’s News | ♦ U.S. stocks fell amid mixed earnings reports, with the S&P 500, Dow and Nasdaq losing 0.6^, 0.5%, and 0.1%, respectively.  | The Wall Street Journal | 10/14/2020 |  |
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| What’s News | ♦ New Jobless-benefits applications rose last week to the highest level since late August, as fresh layoffs add to other signs the economic recovery is losing steam amid the pandemic. | The Wall Street Journal | 10/16/2020 |  |
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| What’s News | ♦ U.S. stocks fell for a third straight session, with the S&P 500, Dow and Nasdaq retreating 0.2%, 0.1% and 0.5%, respectively. | The Wall Street Journal | 10/16/2020 |  |
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| Stocks and Bonds Imply Cash Isn’t Trash | Stock valuations are incredibly high, but the long-term Treasurys that investors typically use to safeguard their portfolios are shockingly expensive. Under these circumstances, the better hedge might be oil-fashioned cash.The S&P 500 trades at about 22 times its expected earnings over the next year, its richest forward price/earnings ratio since the dot-com bubble.No valuation method is perfect of course, but when so many of them point in the same direction it is a reason for caution.One thing that seems clear, however, is that as an investment, Treasurys don’t have much room left for upside. If worries about the economy became severe enough to send the 10-year’s yield down to zero, for example, its market value would rise by only about 7%.In contrast, there could be plenty of downside. | The Wall Street Journal | 10/16/2020 | Justin Lahart |
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| Stocks Fall as Jobs Data Worsen | Stocks dropped as tightening coronavirus lockdowns in Europe and a weakening jobs picture in the U.S. cast a shadow on markets.Major indexes recorded a third consecutive day of declines as investors pulled back from the big technology stocks that have helped propel the market this year.The S&P 500 fell 5.33 points, or 0.2%, to 3483.34, dragged lower by the healthcare, communication-services and technology sectors. The Dow Jones Industrial Average edged down 19.80 points, or 0.1%, to 28494.20. The tech-heavy Nasdaq Composite dropped 54.86 points, or 0.5%, to 11713.87.The pullback followed losses overseas, with the pan-continental Stoxx Europe 600 down 2.1% as governments hurried to impose lockdown measures to halt the spread of COVID-19. In Asia, Hong Kong’s Hang Seng retreated 2.1%.Fresh data Thursday suggested that persistent layoffs are holding back the economic recovery.The deadlock between the White House and Congress over any additional government spending appeared to become more entrenched Wednesday. | The Wall Street Journal | 10/16/2020 | Will Horner and Karen Langley |
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| U.S. Budget Deficit Tripled In 2020 | The U.S. budget deficit tripled to a record $3.1 trillion in the fiscal year that ended Sept. 30 as the government battled the global coronavirus pandemic that plunged the country into a recession, has taken more than 217,000 American lives and thrown millions out of work.As a share of economic output, the budget gap in fiscal 2020 hit roughly 16.1%, the largest since 1945, according to Treasury Department data released Friday, when the country was financing massive military operations at the end of World War II.Federal debt totaled 102% of gross domestic product, the first time it has exceeded the size of the economy for the full fiscal year in more than 70 years, according to estimated from the Committee for a Responsible Federal Budget. That has put the U.S. in a league with Greece, Italy and Japan among the most heavily indebted nations.  | The Wall Street Journal | 10/17-18/2020 | Kate Davidson |
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| Stocks Edge Up As Choppy Week Ends | U.S. stocks ended a volatile week with modest gains as investors parsed economic signals and watched for progress toward additional stimulus from Washington.Many expect market volatility to continue at least through the U.S. elections, which are less than three weeks away.Investors point to reasons beyond the daily headlines to feel optimist about the future for U.S. equities. Low yields on government bonds have increased the appeal of stocks, and monetary and fiscal stimulus has supported the markets and the economy.  | The Wall Street Journal | 10/17-18/2020 | Karen Langley and Joe Wallace |
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| What’s News | ♦ China’s economy grew 4.9% in the third quarter, slower than expected but underscoring the robustness of its recovery as its growth rate approaches that of last year. | The Wall Street Journal | 10/19/2020 |  |
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| Stress on New York Property Worries Mortgage Investors | Investors watch New York closely because Wall Street slices such loans up, packages them together into bonds and sells them to pension funds and asset managers world-wide. Collapsing prices for loans backed by top-tier properties in the Big Apple, which many consider a bellwether for urban markets nationwide, signal there may be more trouble ahead for the more-than half-trillion-dollar market for commercial mortgage-backed securities.The shutdown for months emptied offices and restaurants, closing theaters and shops that attract visitors from around the world. | The Wall Street Journal | 10/19/2020 | Julia-Ambra Verlaine and Sebastian Pellejero |
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| Companies Plan for Boost in Tax Rates | On paper, the 21% U.S. corporate tax rate was a permanent cornerstone of the 2017 tax law, a boon to business without the expiration date attached to other provisions. In reality, that low rate is only as solid as Republicans’ ability to wield power in Washington.That Republican bulwark could vanish next month, taking the corporate rate cut with it and upending the planning companies had done around the 21% rate. Democrats, with a chance to control the House, Senate and White House, want to raise the rate to 28%, President Trump says he would cut it to 20% in a second term.The tax-rate increase, plus other policies proposed by Democrat Joe Biden, would lower profits and raise costs of operating abroad. The Biden proposal, when combined with state taxes, would push the U.S. back toward the high end of industrialized countries’ corporate rates, after a few years in the middle of the pack. | The Wall Street Journal | 10/19/2020 | Richard Rubin |
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| Boom in SPAC Financings Is Unsettling Trend | Today, there are two obvious bubble candidates, and as usual, both come with good underlying reasons for their success. The technology industry’s high profits and growth prospects make it a beneficiary of lockdown and of low-forever interest rates, justifying a high valuation. As usual, the questions is how high is too high.The boom is cash shells, or special-purpose acquisition companies, known as SPACs, is in some ways more troubling. One of the characteristics of bubbles is that hope of profit encourages exuberant optimism, and investors hand over money for projects they would never consider in normal times.Companies with negligible revenue such as space-tourism company Virgin Galactic and electric-truck developer Nikola successfully used SPACs, with their shares soaring and then crashing afterword-although both remain well above the pre-deal SPAC price. | The Wall Street Journal | 10/19/2020 | James Mackintosh |
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| Euro Optimism Wanes as Virus Cases Rise | Investor confidence that the euro will continue to strengthen against the dollar is waning as Europe combats rising Covid-19 cases.Over the summer, investors began betting the euro would strengthen against the dollar after the European Union passed a recovery fund to provide grants and loans to member nations and new covid-19 cases fell.But an uptick in cases and new restrictions could heighten investor concerns that the €750 billion, equivalent to $878.81 billion, recovery fund won’t be enough should the rise in cases curtail the resumption of economic activity. | The Wall Street Journal | 10/20/2020 | Caitlin Ostroff |
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| What’s News | ♦ The Fed is in no hurry to issue a digital currency, Powell said, citing unresolved concerns including the potential for theft and fraud. | The Wall Street Journal | 10/20/2020 |  |
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| Stocks Jump on Optimism on Stimulus | Stocks rose on optimism that congress would reach an agreement on a spending package to support American households and businesses through the pandemic.The S&P 500 rose 16.20 points, or 0.47%, to 3443.12, taking back some of its losses from Monday. The broad-market index fell 1.6% Monday as investors grew concerned that lawmakers weren’t making progress on a deal.The Dow Jones Industrial Average rose 113.37 points, or 0.4%, to 28308.79. The tech-heavy Nasdaq Composite index advanced 37.61 points, or 0.3%, to 11516.49.“There has to be some form of a deal,” said Peter Dixon, an economist at Commerzbank. “the most likely outcome is that they’ll have to do something. Given what’s happening with Covid, the economy needs some support and markets need some form of guidance.” Bus “we are really running out of time,” he cautioned. | The Wall Street Journal | 10/21/2020 | Anna Hirtenstein and Logan Moore |
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| What’s News | ♦ The Justice Department filed a long-expected antitrust lawsuit alleging that Google uses anticompetitive tactics to preserve a monopoly for its flagship search engine and related advertising business. | The Wall Street Journal | 10/21/20 |  |
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| Stocks Rise as Stimulus Talks Proceed | Stocks closed lower as negotiations over a fresh stimulus bill continued.The S&P 500, which traded in a narrow range throughout the session, closed down 7.6 points, or 0.2%, at 3435.56.The Dow Jones Industrial Average lost 98 points, or 0.35%, at 28210.82, while the tech-heavy Nasdaq Composite Index fell 31.8 points, or .03%, to 11484.69.Investors have recently focused on any developments in Washington over a possible stimulus package. | The Wall Street Journal | 10/22/2020 | Will Horner and Logan Moore |
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| Election Jitters Keep a Lid on U.S. Stocks*Major indexes edged higher in Friday’s session but end the week with losses* | The S&P 500 ticked higher Friday but logged a loss for the week, snapping a three-week winning streak.The S&P 500 added 11.90 points, or 0.3%, to 3465.39 on Friday. The Dow Jones Industrial Average slipped 28.09 points, or 0.1%, to 28335.57. The Nasdaq Composite rose 42.28 points, or 0.4%, to 11548.28.The S&P 500 lost 0.5% for the week. The Dow and Nasdaq each lost about 1%.“The message from markets is that fiscal stimulus is coming and it should have a positive impact on U.S. growth,” said Paul O’Connor, head of multiasset at Janus Henderson Investors.In another sign that investors expect quicker growth and inflation, the bond market’s yield curve has steepened. The yield on 10-year Treasury notes rose to 0.840% Friday from 0.743% at the end of last week…On Friday, fresh data showed that overall business activity in the U.S. expanded.In Europe, the economic outlook is gloomier amid a large second wave of coronavirus infections. | The Wall Street Journal | 10/24-25/2020 | Joe Wallace and Gunjan Banerji |
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| Stocks Tend to Climb Regardless of Who’s In the White House | Stocks tend to go up regardless of which party controls Washington.The Nasdaq has significantly outperformed the other indexes this year, rising 28% compared with the S&P 500’s more modest 6.9% gain and the Dow’s 0.6% loss.That dominance is worrying to some investors who fear that a heavily concentrated market, dependent on a handful of big stocks, is more susceptible to a pullback.Still, the stock market’s fear gauge, the Cboe Volatility Index, is already nearly as high as it was at the height of the 2000 postelection period… | The Wall Street Journal | 10/24-25/2020 | Paul Vigna |
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| The Man Who Returned $10 Billion*A value investor with a once-great record is calling it quits. What does that mean for bargain hunting?* | The discipline of buying cheap stocks, and holding them until they deliver superior returns, has lagged behind the market for so long that most of its practitioners seem to do little but talk about how bad it is and speculate about when it will get better.Value investors are running out of patience. Institutional clients have pulled $76 billion more out of U.S. value portfolios than out of growth portfolios since 2015, estimates eVestment, a research firm.For many decades, value stocks tended to earn higher average returns that the shares of growth companies. Since the late 2000s, however, growth stocks have been beating value to a pulp.So far in 2020, large U.S. growth stocks have beaten big value stocks by 36 percentage points… | The Wall Street Journal | 10/24-25/2020 | Jason Zweig |
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| Policy Makers Press for Stimulus Boost | Federal Reserve officials and some other policy makers are stepping up calls for a quick jolt of stimulus spending as recent economic data point to uneven growth.Their concern: Even if the current recovery is self-sustaining, a delay could lead to a repeat of the lackluster rebound from the 2008 financial crisis…“The damage done in three or four months of not having enough money is really large,” said Louise Sheiner, a senior fellow at the Brookings Institution.A roughly $2 trillion aid package would help lift gross domestic product to its pre-pandemic level by the middle to end of 2021, according to an analysis by Ms. Sheiner and economist Wendy Edelberg, also a senior Brookings fellow.If Congress doesn’t reach an agreement on additional spending, it would take more than a decade to return to that level, the Congressional Budget Office projects.  | The Wall Street Journal | 10/24-25/2020 | Kate Davidson and Nick Timiraos |
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| Dividend-Rich Stocks Trail Market Despite High Yields | Companies in the S&P 500 with at least a quarter-century record of paying out and increasing dividends – dubbed “Dividend Aristocrats” by Wall Street-have trailed the broader stock market this year.The S&P 500 Dividend Aristocrats Index, which measured the performance of 65 companies, has fallen 0.7% this year, while the broader S&P 500 has risen 7.3%.Exxon Mobile Corp., whose dividend yield is sitting at a near-record of more than 10%, has declined 51% in 2020, burned by a collapse in oil prices. AT&T Inc., with a dividend yield of more than 7%, has fallen 29% as the coronavirus pandemic has weighed on the company’s foray into show business.The slide in stock prices shows the extent to which many investors are worried about the prospects for dividend aristocrats.  | The Wall Street Journal | 10/26/2020 | Akane Otani and Caitlin McCabe |
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| Business Warms A Bit to Biden*Nominee seen as less adversarial than Sanders, more predictable than Trump* | Former Vice President Joe Biden is running for president on the sort of platform that usually makes business sweat: higher taxes on corporations and investors, aggressive action to phase out fossil fuels, stronger unions and an expanded government role in health care.Yet many business executives and their allies are greeting the prospect of a Biden presidency with either ambivalence or relief. Credit that not to who Mr. Biden is, but who he isn’t: Elizabeth Warren or Bernie Sanders, senators with a much more adversarial approach to business… | The Wall Street Journal | 10/26/2020 | Greg Ip and Ken Thomas |
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| Tariffs on China Fail To Aid U.S. Factories | President Trump’s trade war against China didn’t achieve the central objective of reversing a U.S. decline in manufacturing, economic data show, despite tariffs on hundreds of billions of dollars of Chinese goods to discourage imports.The tariffs did succeed in reducing the trade deficit with China in 2019…The trade deficit with China also has risen amid the pandemic and is back to where it was at the start of the Trump administration.Another goal-reshoring of U.S. factory production-hasn’t happened either. Job growth in manufacturing started to slow in July 2018, and manufacturing production peaked in December 2018. | The Wall Street Journal | 10/26/2020 | Josh Zumbrun and Bob Davis |
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| What’s News | ♦ U.S. stocks slid as coronavirus cases surged, adding to worries about the economic outlook in the absence of a stimulus deal. The Dow, S&P 500 and Nasdaq lost 2.3%, 1.9% and 1.6%, respectively. | The Wall Street Journal | 10/27/2020 |  |
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| Car Sector Roars Back From Nadir | The U.S. auto industry, hobbled in the spring by the COVID-19 crisis, has bounced back stronger and faster than many expected with some companies reporting record profits in the third quarter.Even for an industry accustomed to boom-and-bust cycles, the speed of the auto sector’s recovery from the pandemic-related shutdowns last spring has surprised executives and analysts, who just six months ago were calculating how many months companies could survive.The pace of new-vehicle sales over the past few months has rebounded to the strong levels seen before the crisis, despite slim pickings on dealer lots because of tight inventory.Car buyers are paying record prices for new wheels, with dealers citing strong demand for luxury vehicles and high-end pickup trucks. The auto sector’s earnings rebound underscores the bifurcated impact that the pandemic has had across industries. | The Wall Street Journal | 10/29/2020 | Mike Colias and Nora Naughton |
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| Stocks Fall as Fears Over Economy Grow | U.S. stocks sold off on Wednesday in what is shaping up to be the worst week since late March, as rising coronavirus infections shook investors’ confidence in the global economic recovery.The Dow Jones Industrial Average lost 943.24 points, or 3.4%, to 26519.95, its fourth losing session in a row and its worst day since June 11.The S&P 500 fell 119.65 points, or 3.5%, to 3271.03, its third consecutive down session. The benchmark has slipped more than 8% from its record closing level in early September and its gains for the year now stand at around 1.3%.The Nasdaq Composite dropped 426.48 points, or 3.7%, to 11004.87, bringing its gains for the year to 23%. | The Wall Street Journal | 10/29/2020 | Will Horner and Juliet Chung |
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| Oil Falls to Lowest Price Since June | U.S. crude futures dropped as much as 6.6% before ending the day down 3.3% at 36.17 a barrel, their lowest close since June 1. Prices started the year above $60, then tumbled briefly below $0 a barrel for the first time ever in late April, when previous lockdowns fueled a glut that threatened to overwhelm storage.Many analysts have cautioned for weeks that prices could decline, but the speed of the selloff has caught some traders off guard, exacerbating the market’s swings.Share or S&P 500 energy producers rose but are still down more than 50% for the year. | The Wall Street Journal | 10/30/2020 | David Hodari and Amrith Ramkumar |
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| Small Stocks Topped Large-Caps In October on Hopes for Stimulus | Small stocks are outpacing larger companies by the greatest amount in years so far this month, underscoring investors’ bets on Democrats gaining control in Washington and ramping up spending to support the economy.Despite this week’s slide, fueled by rising coronavirus cases around the world, the Russell 2000 of small-cap companies is still up 3.6% in October. That compares with a 1.6% drop for the S&P 500 and would be the largest such outperformance for any months since November 2016…In the past week, the Russell and S&P are down about 4.2%, while the Dow has fallen 6%. The Russell has led this month even thought smaller companies would be hard-hit by any new lockdown measures in the U.S. | The Wall Street Journal | 10/30/2020 | Amrith Ramkumar |
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| What’s News | ♦ U.S. stocks rose after data showed jobless claims fell and GDP jumped. The S&P 500, Dow and Nasdaq added 1.2%, 0.5% and 1.6%, respectively. | The Wall Street Journal | 10/30/2020 |  |
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| What’s News | ♦ Tech giants including Amazon and Google parent Alphabet reported strong sales and profits that showed how pandemic-era demand id driving them to new heights. | The Wall Street Journal | 10/30/2020 |  |
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| U.S. Growth Erases Much of Slide*Quarterly GDP recoups about two-thirds of the contraction from earlier in the pandemic* | The U.S. economy grew at a record pace in the third quarter – increasing 7.4% over the prior quarter and at a 33.1% annual rate – recovering about two-thirds of the ground it lost earlier in the coronavirus pandemic.Gross domestic product – the value of all goods and services produced across the economy-jumped as pent-up consumer demand and government support helped power spending after disruptions related to Covid-19 eased. The increase in growth, the biggest jump in records dating to 1947, followed a record decline earlier in the pandemic when the virus disrupted business activity across the country.That puts the economy about 3.5% smaller than at the end of last year, before the global health crisis hit.The third-quarter GDP increase followed a 9% quarter-to-quarter decline in the second quarter, or a 31.4% annualized drop, adjusted for inflation and seasonal fluctuations.  | The Wall Street Journal | 10/30/2020 | Harriet Torry |
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| What’s News | ♦ The eurozone economy grew at a record pace in the third quarter, but already has stalled amid a resurgence of coronavirus infections and tough new restrictions. | The Wall Street Journal | 10/31 – 11/1, 2020 |  |
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| What’s News | ♦ The Dow fell on Friday, closing out its worst week and month since March in the final lap of the presidential race. Volatility reigned during the week before the Nov. 3 contest. | The Wall Street Journal | 10/31 – 11/1, 2020 |  |
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| What’s News | ♦ U.S. households boosted spending for a fifth consecutive month in September, helping the economy make up ground lost amid the impact of the Pandemic. | The Wall Street Journal | 10/31 – 11/1, 2020 |  |
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| Stocks Decline, Ending Rocky Month*October drop reflects surging virus’s threat to recovery and mixed bag of tech earnings* | The Dow dropped 157.51 points, or 0.6^ to 26501.60 on Friday…The blue-chip index shed 6.5% for the week, marking its worst weekly performance since the height of the pandemic-induced market tumult.The S&P 500 fell 40.15 points, or 1.2%, to 3269.96. the benchmark index is now up just 1.2% in 2020. The Nasdaq composite dropped 274 points, or 2.4%, to 10911.59 following a sharp selloff in big tech stocks. | The Wall Street Journal | 10/31 – 11/1, 2020 | Jem Bartholomew and Dawn Lim |
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| Gold, Bonds Failed to Protect Investors*Efforts to find other hedges gained new urgency during recent selloff in stocks* | Investors found few placed to shelter when stocks tumbled this past week, illustrating the limitations of traditional havens following a runup in prices across markets.Government debt and gold, which many investors own in the expectation they will zig when stocks zag, haven’t acted like the safety net to which investors are accustomed.The market swoons on Wednesday, the worst down day for the &SP 500 since June, and Friday, were cases in point. On both occasions, Treasurys barely budged and gold either fell of edged higher.“the only thing that protected you was cash and that’s not giving you any return,” said David Bowers, co-founder of London-based Absolute Strategy Research…“Government bonds, considering the low level of interest rates, aren’t sufficient to protect a portfolio,” said Samy Chaar, chief economist at Swiss private bank Lombard Odier.  | The Wall Street Journal | 10/31 – 11/1, 2020 | Joe Wallace |

Going back to 1930, if an investor missed the S&P 500’s 10 best days in each decade, total returns would be just 91%, significantly below the 14,962% returns for investors who held steady through the downturns. -CNBC, March 7, 2020

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Prepared by James M. Juengling.

Juengling & Associates