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| **RESOURCE LOG – November 2020** |
| **Article Title** | **Detail** | **Publication** | **Date** | **Author** |
| 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 |
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| What’s News | ♦ Factories across the globe bounced back strongly in October, as manufacturers hired more people and ramped up production. | The Wall Street Journal | 11/03/2020 |  |
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| What’s News | ♦ U.S. stocks rose, with the Dow, S&P 500 and Nasdaq gaining 1.6%, 1.2% and 0.4%, respectively. | The Wall Street Journal | 11/03/2020 |  |
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| Oil Prices Gyrate As Demand Faces Lockdown Threat | U.S. crude futures fell as much as 6% overnight before ending the day up 2.8% at $36.81 a barrel. Prices slid 10% last week - ……their lowest level in five months with the coronavirus denting travel and limiting crude consumption. They started the year above $60, briefly fell below $0 in late April due to a glut, then rebounded around $40 this summer. | The Wall Street Journal | 11/03/2020 | David Hodari |
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| What’s News | ♦ Saudi Arabia and other OPEC members are considering deepening oil production cuts amid fresh concerns about demand. | The Wall Street Journal | 11/04/2020 |  |
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| Emerging-Market Assets Advance on Hopes of U.S. Growth | Money managers are wagering that an acceleration of growth in the U.S. would be a boon for emerging markets that rely on overseas demand for goods, services and rat materials. Wall Street views a Democratic sweep – where the party wins the White House and control of Congress – as the clearest path to more economic stimulus.…said Piotr Matys, senior emerging-market strategist at Rabobank. “If the Democrats are in full control, it would be easier for them to implement a large-scale fiscal package to review economic activity, which would be also positive for the export-oriented (emerging-market) economies.”“Emerging markets as a whole, excluding China, are on course to experience as greater loss of output than advanced economies this year and next, the International Monetary Fund said in October.The rally in emerging-market currencies signals an easing of the crisis that struck in the spring, when trade, tourism and commodity prices collapsed. Investors have since cautiously returned. | The Wall Street Journal | 11/04/2020 | Joe Wallace |
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| Dow Rallies to Best Day Since Summer | The Dow Jones Industrial Average had its best day since July as tens of millions of Americans headed to the polls to select the next president.The blue-chip index rallied 554.98 points, or 2.1%, to 27480.03, its biggest one-day point and percentage gain since July 14. The S&P 500 rose 58.78 points, or 1.8%, to 3369.02. The Nasdaq Composite rose 202.96 points, or 1.9%, to 11160.57.The stock market usually feels more apprehensive about Democrats than Republicans, but “this is a unique year and a unique election,” said Solita Marcelli, the America chief investment officer at UBS Global Wealth Management.The market has warmed to the chances of a “blue-wave” outcome, in which Democrats win both the White House and control of Congress, Ms. Marcelli said, because it would make it more likely lawmakers would approve a generous stimulus package to spur economic activity under the new administration. | The Wall Street Journal | 11/04/2020 | Anna Hirtenstein and Paul Vigna |
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| Stocks Rally, Bets on Sweep Are Unwound | Wall Street is reacting to election results as they come in, driving a big rally in stocks Wednesday.The S&P 500 jumped 2.2% for the day, extending gains that began overnight. But across sectors, the rally was uneven. Heading into Election Day, traders had expected Democrats to win control of the White House and Senate, fueling wagers on a larger coronavirus stimulus plan that some anticipated would lift bond yields and support cyclical stocks tied to the economy – smaller companies, banks and manufacturers.Results so far have driven a reversal of those bets…That shift is driving big gains in sectors like technology and health care and hurting more economically sensitive areas. | The Wall Street Journal | 11/05/2020 | Amrith Ramkumar and Caitlin McCabe |
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| What’s News | ♦ Major U. S. stock indexes rallied, with tech and healthcare shares winning big but bank stocks dropping. The S&P 500, Nasdaq and Dow gained 2.2%, 3.9% and 1.3%, respectively. | The Wall Street Journal | 11/05/2020 |  |
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| What’s News | ♦ U.S. government-bond yields fell sharply, reflecting traders’ bets that election results will lead to smaller economic stimulus efforts than many had expected. | The Wall Street Journal | 11/05/2020 |  |
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| Yields Drop as Stimulus Hopes Dim | U.S. government-bond yields fell sharply, reflecting traders’ bets that the results from Tuesday’s election will lead to smaller economic stimulus efforts than many had expected.Investors and economists pay close attention to longer-term Treasury yields because they help set borrowing costs across the economy.In recent months, ultralow yields have helped fuel demand for riskier assets such as stocks and led to a surge in borrowing by companies, while homeowners have rushed to refinance their mortgages.The yield on the benchmark 10-year U.S. Treasury note settled at 0.768%.Fiscal stimulus tends to lift yields in part by increasing the supply of bonds. It can also boost economic growth and inflation, which can put pressure on the Fed to raise short-term interest rates.Despite their declines, Treasury yields remain above their lows from the summer, when the 10-year yield fell below 0.6%.Some, though, said yields could fall further if coronavirus cases continue to surge in Europe and the U.S. – leading to more restrictions on business and social activity – and if diminished government assistance drags on U.S. economic data. | The Wall Street Journal | 11/05/2020 | Sam Goldfarb and Matt Wirz |
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| Stocks Head for Best Week Since April*Split Congress elates investors on reduced chances for higher corporate taxes* | U.S. stocks surged Thursday, putting major indexes on track for their sharpest weekly gains since April, as investors cheered the diminished prospects of higher corporate taxes under a split Congress.Investors’ anticipation of a divided government – which could make it more difficult to accomplish major legislative overhauls, including raising corporate taxes and regulating technology companies – has fueled sustained optimism on Wall Street this week, pushing major stock indexes closer to their highs.The S&P 500 rallied 67.01 points, or 1.9%, to 3510.46, while the Dow Jones Industrial Average rose 542.52 points, or 1.9%, to 28390.18. both indexes recorded their fourth consecutive gain of 1% or more – the longest such streak for both indexes since October 1982. | The Wall Street Journal | 11/06/2020 | Caitlin McCabe and Caitlin Ostroff |
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| More Western Nations Adopt State Support of Businesses | Western governments are taking a page from their Asian rivals and moving away from the free-market doctrine that defined their economic thinking for decades, instead embracing greater state control of business activity.The shift reflects s deep anxiety about the West’s ability to maintain its living standards and technological edge while competing with giant state-backed companies in China and elsewhere in Asia.The trend is being accelerated by the Covid-19 pandemic, which has prompted a rethink of the balance between the state and private sector…In the U.S., both main political parties are moving toward a stronger role for the government on economic issues. The administration and lawmakers from both parties also are pushing for additional funding to help the U.S. semiconductor industry keep its edge over China, offering incentive to chip firms to build factories in the U.S. and funding technology research.The changes reflect a fundamental philosophical shift away from the market-oriented consensus dominant in the West since around 1980, which emphasizes a reduction in state support for businesses, the removal of regulations impeding competition, and trade liberalization.While large-scale government and military programs helped seed important industries during World War II and later led to the creation of the internet, the pendulum swung back to small government in the 1980s, when Western governments got out of businesses such as telecoms, utilities and transport.  | The Wall Street Journal | 11/06/2020 | Tom Fairless and Stella Yifan Xie |
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| Fed Still Sees Virus Imperiling Economy | The Federal Reserve said the coronavirus pandemic poses considerable risks for the U.S. economy despite recent gains, and officials made no changes on Thursday to their commitment to provide sustained stimulus.Fed Chairman Jerome Powell said they were monitoring two prominent risks to the recent rebound in economic activity: one from rising infection rates and another from households exhausting savings after earlier fiscal relief measures had dissipated.“Economic activity has continued to recover” but “the pace of improvement has moderated,” Mr. Powell said at a news conference. | The Wall Street Journal | 11/06/2020 | Nick Timiraos |
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| As Smart-Beta Funds Struggle, Here’s What to Do Now | Smart-beta funds, a popular $1 trillion-plus force in the investing world, were supposed to provide investors with a way to consistently beat the broader market by a small amount.But recent performance suggests that the s mart-beta theory doesn’t always work as well as it should – especially during turbulent markets. Many smart-beta funds claim they can generate around 2 to 3 percentage points of excess return consistently by screening stocks for certain characteristics. But factors can fall in and out of favor quickly, depending on market cycles, so short-term underperformance isn’t unusual.Some factor funds, however, claim to have found proprietary methods for capturing excess return. Experts say these kinds of funds can be vulnerable to what statisticians call “overfitting,” which is what happens when a strategy looks great when it is backtested on a sample of historical data chosen by fund managers, but falls apart in the real world.  | The Wall Street Journal | 11/09/2020 | Bailey McCann |
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| Investors Love Thematic Funds*But They Aren’t Always Loved Back* | The interest in thematic investments isn’t hard to understand. Investing in developments that could transform humanity, or that just align with your beliefs and interests, is a lot more compelling than owning a broad index.More interesting, that is, but usually not more lucrative. Among thematic funds in existence between 2010 and this year, only about a fourth beat the MSCI World Index, a broad gauge of global stocks.That’s partly because many don’t do a good job of delivering themes or they hit the market after investors already have bid up the valuations of stocks they own, says Ben Johnson, Morningstar’s head of global ETF research. | The Wall Street Journal | 11/09/2020 | Michael A. Pollock |
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| Fed, Virus To Remain Market Drivers | The U.S. still will be fighting off the spread of the novel coronavirus. The labor market will still face a long recovery from the pandemic. And both those things mean the Fed almost certainly will hold fast to its pledge to support the economy by keeping interest rates low and snapping up billions of dollars of bonds each month. | The Wall Street Journal | 11/09/2020 | Akane Otani |
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| What’s News | ♦ CEOs say they expect the biggest change with Biden’s administration won’t be sweeping new policies but a more predictable relationship with the White House. | The Wall Street Journal | 11/09/2020 |  |
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| The Case for Low-Grade Debt | In the hunt for yield, many investors have opted for low-grace municipal and corporate debt, or “junk” bonds. Such instruments are considered high risk because, while they can pay off over the long run, they can also go south quickly in times of market drops and panics. That is a level of volatility a lot of debt investors cannot stand.Since 1990, the average high-yield debt fund has delivered an average annual return of 7.1% with a volatility of 7.7%. Compare this with the average short-term U.S.-bond fund, which delivered 3.8% with a much lower volatility of 1.5%.Investors who are seeking a great return from high-yield debt have to be prepared for quick and precipitous drops in the value of their holdings.In all, over the past 30 years, the average high-yield debt fund has dropped more than 2% in a given month on 31 occasions. | The Wall Street Journal | 11/09/2020 | Derek Horstmeyer |
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| What’s News | ♦ U.S. stocks flirted with record levels after progress on a Covid-19 vaccine and Biden’s electoral victory ushered in a sea change in financial markets, reordering winners and losers. The Dow and S&P 500 rose 2.9% and 1.2%, respectively, while the Nasdaq fell 1.5%. | The Wall Street Journal | 11/10/2020 |  |
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| Economy’s Struggles Will Shape New Term*Uneven recovery could grind on and permanently alter businesses, workers* | Though the economy has recovered from a large portion of the damage caused this spring by the pandemic and shutdowns, the process is incomplete. Many economists expect the next stages to be difficult. The economy is showing signs of slowing after the initial post-shutdown bounce, and recent history points to grinding recoveries, not quick bounce-backs.The pandemic is also driving structural shifts in some industries that could permanently change how Americans spend and how companies to business – meaning dislocations for workers as the economy adjusts. | The Wall Street Journal | 11/10/2020 | Joh Hilsenrath |
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| Yields Climb to Eight-Month High*Vaccine news, rosier economic outlook stir new volatility as traders unwind moves* | Hopes for an end to the coronavirus crisis drove U.S. government-bond yields to new multimonth highs on Monday, fueled by traders’ latest scramble to adjust positions after t he presidential election upended months of bond-market calm.The yield’s climb continues one of the bumpier fides since March, which began when changing expectations around the results of the U.S. elections and the prospects for fiscal stimulus sparked sharp swings in bond prices.…because investors were anticipating a strong election for Democrats that would allow them to pass trillions of dollars of new spending measures – potentially increasing the supply of bonds and lifting economic growth and inflation.Propelled by those bets, the yield on the 10-year U.S. Treasury note briefly hit 0.94% on election night, its highest level since June. It then tumbled as low as 0.72% as traders prepared for a divided government, before regaining ground Friday…Traders and investors say viable vaccines should depress demand for bonds by boosting the economic outlook. In a better economy, investors could be more likely to buy riskier assets over safer one like Treasurys.  | The Wall Street Journal | 11/10/2020 | Julia-Ambra Verlaine |
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| What’s News | ♦ The Dow continued to climb, gaining 0.9% as it again outpaced the Nasdaq and S&P 500, which lost 1.4% and 0.1%, respectively. | The Wall Street Journal | 11/11/2020 |  |
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| More Jobs Openings Signal a Recovery | The number of job openings in the U.S. has climbed since the spring and is now nearly back to the levels before the coronavirus pandemic hit the labor market, a sign of continued economic improvement despite a surge in infections and fading fiscal support.The labor market had by October recouped 12.1 million of the 22 million jobs lost in March and April, according to Labor Department data. | The Wall Street Journal | 11/11/2020 | Gwynn Guilford |
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| Tech Shares Propel S&P | Technology shares powered the S&P 500 higher after lagging in recent days as promising vaccine developments elevated the prospects of economically sensitive firms.The S&P 500 rose 27.13 points, or 0.8%, to 3572.66, off 0.2% from its September record close. The tech-heavy Nasdaq composite advanced 232.57 points, or 2%, to 11786.43. The Dow Jones Industrial Average edged down 23.29 points, or 0.1%, to 29397.63. | The Wall Street Journal | 11/12/2020 | Karen Langley and Will Horner |
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| OPEC Forecasts Weakening Demand*European lockdown measures, lower consumption in Americas are cited* | In its scrutinized monthly report, OPEC deepened its forecast for a drop in global oil demand in 2020 by 300,000 barrels a day to 9.8 million barrels, a 10% drop from last year’s levels. The cartel also softened its forecast rebound in demand for 2021 by 300,000 barrels a day.Brent crude oil, the global benchmark, added 0.4% to $43.80 a barrel on Wednesday – its highest close since early September.Higher energy prices would be a boon for the beleaguered sector that has suffered a wave of layoffs and bankruptcies this year.Chinese crude imports in September rebounded to their third-highest level on record, beaten only by June and July this year, though that figure is expected to fall again in October with independent refiners having reached their quotas for the year, the report said.OPEC members are likely to be watching further developments on any vaccines as well as the current virus infection rates, as they weight their options ahead of their meeting with non-OPEC allies such as Russia in early December. | The Wall Street Journal | 11/12/2020 | David Hodari |
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| Economic Rebound Likely to Take Time | But while a successful vaccine could indeed give the economy a shot in the arm in 2021, say economists, it will take longer to heal from a historic blow to jobs, investment and businesses – a task complicated by the current surge in infections in much of the West.Meanwhile, businesses most directly constrained by the virus – particularly in-person services such as hospitality and entertainment – must endure months of weak demand.A surge in new infections across Europe in recent weeks has prompted a second wave of lockdowns that economists believe will push the continent’s economy into its second contraction this year.It is possible that by the middle of next year, the U.S. unemployment rate – which hit a recent peak of 14.7% in March – could return to the historically low level of 3.5% seen in February, before the pandemic…Even if the full economic effect of a vaccine won’t be felt for several months, there could still be some near-term benefit from a resurgence of optimism. | The Wall Street Journal | 11/12/2020 | Paul Hannon and David Harrison |
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| Stocks Fall on Fears of More Lockdowns*Dow drops 317 points as hospitalizations for covid-19 increase, spark talk of curbs* | U.S. stocks fell Thursday amid a pickup in Covid-19 hospitalizations and renewed talks of lockdowns and restrictions to curb the virus’s spread.The S&P 500 fell 35.65 points, or 1%, to 3537.01, while the Dow Jones Industrial Average shed 317.46 points, or 1.1%, to 29080.17. The Nasdaq Composite declined 76.84 points, or 0.7%, to 11709.59. | The Wall Street Journal | 11/13/2020 | Michael Wursthorn and Anna Hirtenstein |
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| Value Shares Receive A Shot in the Arm | On Monday, these “value” stocks beat expensive growth stocks by the widest margin of any single day since the 1930s, as vaccine progress improved the prospects of the beaten-up losers of lockdown such as airlines and cruise lines.Value stocks are defined as having a low valuation, originally just on price-to-book ratio, and now often on a mix of measures such as price to earnings, price to cash flow and dividend yield. At the moment, that means value is dominated by lockdown losers, banks that did badly due to low interest rates, and economically sensitive cyclical stocks, such as Caterpillar and oil producers. | The Wall Street Journal | 11/13/2020 | James Mackintosh |
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| What’s News | ♦ The S&P 500 rose to a record Friday, gaining 48.14 points, or 1.4%, to 3585.15. Both the S&P and Dow notched their second consecutive week of gains, while the Nasdaq fell for the week. | The Wall Street Journal | 11/14-15/2020 |  |
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| Prospects Fade for a Stimulus Deal | The sharp surge in coronavirus cases nationwide and revived restrictions on businesses haven’t jolted stimulus talks back to life, with Democratic and Republican lawmakers now looking toward must-pass spending bills as their best chance to approve relief this year. | The Wall Street Journal | 11/14-15/2020 | Andrew Duehren and Kristina Peterson |
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| Defaults Rise for High-Yield Munis | Covid-19 is wreaking havoc on the market for risky municipal bonds. Investors desperate for tax-exempt yield are still piling in.The S&P Municipal bond High Yield Index is now only about 1% lower than its pre-coronavirus pandemic level, despite falling 15% in March as global shutdowns roiled the market.For decades, muni bonds have been sold by state and local governments to build schools and pave highways. But as yields have fallen and the tax benefits of munis have grown for many households, the staid securities have increasingly also financed more speculative ventures, backing senior living facilities, dorms and innovative recycling plants. There borrowers pay for higher returns that towns or school districts with the power to collect taxes because they are dependent on their own revenue to make debt payments.  | The Wall Street Journal | 11/14-15/2020 | Heather Gillers |
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| What’s News | ♦ Fifteen countries including China signed a major trade deal after years of tricky negotiations, posing an early challenge to President-elect Biden as he formulates his administration’s trade policies. | The Wall Street Journal | 11/16/2020 |  |
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| Economic Hopes Fuel Big Gains at Small Stocks | Shares of small companies are posting outsize gains, driven by investors’ bets that a rebounding economy and expected Biden administration policies will boost profits at smaller U.S. companies.The Russell 2000 index of small-company stocks rose 6.1% last week, hitting its first record close since 2018 and extending a recent race ahead of other major indexes. It finished the first two weeks of November up 13%, its best 10-session start to a month on record, according to Dow Jones Market Data. The broader S&P 500 gained roughly 9.6% in that period.That marks a reversal from earlier in the year, when shutdowns hammered shares of small-cap companies… | The Wall Street Journal | 11/16/2020 | Paul Vigna |
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| Japan Considers Path To Sustaining Rebound*Some in the ruling camp favor direct handouts; others back private-sector spending* | The world’s third-largest economy after the U.S. and China grew at an annualized pace of 21.4% in the July=September quarter. That is the fastest in 40 years of comparable records, yet the Japanese economy is still about 6% smaller than at its peak a year ago.Economists said getting all the way back might not happen until 2024. | The Wall Street Journal | 11/16/2020 | Megumi Fujikawa |
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| Yields of 0.9% Have Appeal | Vaccine news is setting off a race to invest in risky assets. And yet, getting paid 0.9% annually to lock money away for 10 years has rarely looked more tempting.Ten-year yields have risen above 0.9%, having spent recent months hovering around 0.6%, Such returns might seem scant at a time of renewed confidence about the economic recovery. For an ultrasafe asset in 202, though, this may be a window of opportunity.Inflation hasn’t reached uncomfortable levels for decades, so investors have become convinced that rates will be stuck at zero even after the economy recovers from Dovid-19. The question, then, is why bond yields have risen.Historically, investors demanded a positive premium for locking up money in a bond, rather than enjoying the flexibility of cash. This has changed due to central banks communicating their plans more exhaustively, as well as insatiable demand for long-term assets from insurers and pension funds.Markets may be riding a new wave of optimism, but investors still need a hedge against the massive uncertainties of the months ahead. | The Wall Street Journal | 11/17/2020 | Jon Sindreu |
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| Declines in Real Yields Fuels Rally In Junk | Real Yields are what investors earn from their bondholdings after compensating for inflation. After the Federal Reserve cut interest rates to near zero, accounting for inflation meant investors could expect to lose money holding U.S. Treasurys to maturity.Analysts said falling real yields for U.S. investment-grade bonds are driving some investors in search of higher returns to the high-yield market.“[Falling real yields] are pushing many investors out on the risk spectrum,” said John McClain, portfolio manager at Diamond Hill Capital Management.This increased demand is helping bring down the extra compensation investors require to hold junk bonds to near pre-pandemic levels.The yield on the benchmark 10-year Treasury note finished Tuesday’s session at 0.872%... | The Wall Street Journal | 11/18/2020 | Sebastian Pellejero |
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| What’s News | ♦ The Dow and S&P 500 fell a day after setting records, closing down 0.6% and .05%, respectively. The Nasdaq retreated 0.2%. | The Wall Street Journal | 11/18/2020 |  |
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| Retail Sales Growth Loses Steam | U.S. retail sales rose in October at their slowest pace since the spring, another sign the nation’s economic recovery is losing steam as coronavirus cases surge across the country.Consumer spending data from private companies suggest shoppers turned more cautious this month, too, as last month’s jump in virus cases accelerated in November…“We’re going into a difficult winter,” said James Sweeney, chief economist at Credit Suisse…  | The Wall Street Journal | 11/18/2020 | Harriet Torry |
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| Mnuchin Declines to Extend Several Crisis Loan Programs | Treasury Secretary Steven Mnuchin said he would allow several emergency Federal Reserve lending programs to expire, sparking an unusual public split between the Treasury and the central bank, which pressed for an extension.As a result, on Dec. 31 several novel Fed programs that backed corporate credit and municipal-borrowing markets and provided loans to small and midsize businesses and nonprofits during the coronavirus pandemic will expire.Fed officials had said the program were an important source of market stability heading into what could be a difficult period for the U.S. economy given a sharp rise in coronavirus cases. | The Wall Street Journal | 11/20/2020 | Nick Timiraos and Kate Davidson |
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| GM Raises Bet on Electric Cars | The nation’s biggest auto maker by sales s aid Thursday it would spend $27 billion through 2025 to develop electric and driverless vehicles.Electric vehicles today account for only about 2% of global sales for GM and the broader industry. | The Wall Street Journal | 11/20/2020 | Mike Colias |
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| Jobless Claims Rise as Recovery Slows | The number of applications for unemployment benefits rose sharply last week, indicating continued challenges for the U.S. economic recovery as coronavirus infections increased around the country.  | The Wall Street Journal | 11/20/2020 | Gwynn Guilford |
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| A Stock Market Bubble? It’s More Like a Fire | So far in 2020, the NYSE FANG+ index of giant technology stocks is up 78%.Meanwhile, the overall stock market is up almost 11%.The oxygen of investing is marketability, or the ease of buying and selling an asset.The second side of the fire triangle, fuel, is manifested in financial markets by money and credit. Low interest rates make investing with borrowed money cheaper, while paltry yields on safe savings compel people to invest in riskier alternatives.The third side of the triangle, heat, is supplied by speculation. When prices go up, more people buy, inflaming prices even more and attracting another rush of speculators.In proportion to market size – which weights giant tech stocks heavily – the companies in the S&P 500 recently traded at 21 times expected earnings over the next 12 months, according to Matarin Capital Management, an investment firm in New York. That’s about 24% higher than their average over the past quarter-century.The bigger worry is that a fire among a few giant stocks can set the neighborhood ablaze. After the technology-heavy Nasdaq index collapsed in 2000, the broader S&P 500 also tumbled. | The Wall Street Journal | 11/21-22/2020 | Jason Zweig |
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| Stocks Decline as Investors Retrench | A rally in the stock market has stagnated recently, after enthusiasm about the development of effective coronavirus vaccines propelled the Dow Jones Industrial Average to its first record close since February at the start of the week.Some investors said the recent moves mark a healthy pause after a vigorous rally since the presidential election that has sent the S&P 500 up 5.6% since Nov. 3.The broad stock-market gauge slipped 24.33 points, or 0.7%, to 3557.54 on Friday. The Dow fell 219.75 points, or 0.7%, to 29263.48. The tech-heavy Nasdaq Composite lost 49.74 points, or 00.4%, to 11854.97. | The Wall Street Journal | 11/21-22/2020 | Joe Wallace and Gunjan Banerji |
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| Dividends Restart In Sign Of Hope | Some large U.S. companies that halted their dividend payments are reversing their decision, a sign that their leaders believe the worst of the crisis is behind them.Earlier this year, when much of the country’s economy shut down because of the coronavirus pandemic, companies withdrew cash from credit lines, stopped repurchasing stock and halted dividend payments amid the uncertainty.“Multinationals are beginning to exhale,” said Mark Zandi, chief economist at Moody’s Analytics. “The resumption of corporate dividend payments is an encouraging sign that executives believe that the pandemic will soon be behind us.” | The Wall Street Journal | 11/23/2020 | Thomas Gryta |
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| New Factory Orders Give Recovery a Boost | Data firm HIS Markit said Monday its composite index of U.S. business activity. Which covers both the services and manufacturing sectors, rose to 57.9 in November from 56.3 in October.A reading above 50 indicates that activity is increasing, while a reading below points to a decline in activity.An increase in new orders helped drive the overall boost in activity for both services providers and manufacturers…Data from HIS Markit said its composite Purchasing Managers Index for the eurozone fell to 45.1 in November from 50.0 in October, reaching its lowest level since May.In the second quarter, eurozone GDP declined by 11.8%, and it rebounded by 12.6% in the third quarter.Faced with a new lockdown, European service providers cut jobs at a faster rate than in the previous month… | The Wall Street Journal | 11/24/2020 | Paul Hannon and Amara Omeokwe |
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| Stocks Jump on a Promising Vaccine | Stocks climbed after promising results on a Covid-19 vaccine bolstered hopes for an economic rebound in 2021.The Dow Jones Industrial Average rose 327.79 points, or 1.1%, to 29591.27, getting the week off to a strong start after the blue-chips index closed last week with losses.The S&P 500 added 20.05 points, or 0.6%, to 3577.59. The technology-heavy Nasdaq composite ticked up 25.66 points, or 0.2%, to 11880.63. | The Wall Street Journal | 11/24/2020 | Joe Wallace and Alexander Osipovich |
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| Dow Eclipses 30000 for First Time | The Dow Jones Industrial Average vaulted above 30000 for the first time, a remarkable rally that has lifted the stock market to records even in the midst of a devastating pandemic.The blue-chip index rose 454.97 points, or 1.5%, to finish at 30046.24, a roughly 60% climb from its March nadir. | The Wall Street Journal | 11/25/2020 | Akane Otani |
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| Buy-and-Hold Fuels Stocks’ Rise | The market appears to be in a self-perpetuating upward spiral, defying the pandemic and accompanying economic woes. Some pessimists say today’s gains will inevitably lower returns tomorrow. But low interest rates mean investors big and small can’t expect to make much money in less-risky investments like bonds. So they are betting that the market’s momentum will continue, whether passively through index funds or activity with a buy-on-dips mantra. | The Wall Street Journal | 11/25/2020 | Gunjan Banerji, Akane Otani and Michael Wursthorn  |
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| Investors Look Past Virus*Market’s rise in fueled by hopes vaccines will set scene for an economic recovery* | Investors are looking to mid-to late-2021 when “conditions should return to normal and we’re not going to have too much long-term disruption to the economy,” said Gus Faucher, chief economist at PNC financial Services Group.Some forecasters are even more optimistic, expecting economic activity to surge with the release of pent-up demand.Economists expect the next few months to be tough for the U.S. economy. Consumer spending is slowing, with retail sales growth weakening in October and restaurant reservations declining. The number of new applications for unemployment benefits rose sharply in the week ended Nov. 14…HIS Markit, an economic analysis firm, projects U.S. gross domestic product will expand at a 3.9% annual rate in the current fourth quarter, down from a record 33.1% pace in the third quarter… | The Wall Street Journal | 11/25/2020 | Harriet Torry |
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| Emerging-Market Funds See Record Inflows | The amount of money flowing into emerging-market funds last week hit a record high, as advance in vaccine development and a weaker dollar boosted investors’ risk appetite.The activity marked a turn-around for many developing economies, which have been largely shunned this year due to the spread of the coronavirus and the subsequent hit to global growth.But positive developments for vaccines in recent weeks have investors preparing for life after Covid-19, and some are making bets on how to reap the biggest rewards.“Investors are becoming more risk loving,” said Jan Dehn, head of research at Ashmore Group. “If the world is going to slowly get better, the case for emerging markets in particular becomes quite compelling.”Meanwhile, the dollar has been falling for several weeks, as the Federal Reserve is expected to continue to flood the market with dollars to support the U.S. economy.T be sure, net flows to emerging markets for the year are still negative, meaning investors pulled more money out of developing countries than they have put back in. | The Wall Street Journal | 11/25/2020 | Anna Hirtenstein |
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| Exxon, Internally, Shows More Pessimism on Oil Prices | Exxon Mobil Corp. has lowered its outlook on oil prices for much of the next decade, according to internal company documents reviewed by The Wall Street Journal.The sizable reduction suggests the Texas oil giant expects the fallout from the coronavirus pandemic to linger for much of the next decade. The fossil-fuel industry is also contending with increased competition from renewable-energy sources and electric vehicles, as well as the prospect of increased climate-change regulation around the world.This simmer, the company lowered that forecast to between $50 and $55 a barrel for the next five years, before eventually topping out at $60 a barrel in 2026 and 2027… | The Wall Street Journal | 11/27/2020 | Christopher M. Matthews |
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| Virus Will Alter Malls and Offices | About a quarter of office workers in a recent survey by Jones Lang LaSalle said they would like to work outside the office full-time post-pandemic.Commercial real estate is a business that can take time to evolve because of long-term leases . A typical retail term is about six years while offices are closer to 10 years, according to CoStar Group. In addition, rent collection has stabilized for offices, with owners collecting more than 96% of the usual rent as of July, according to Nareit, which tracks figures for listed real-estate investment trusts.Even if more people work remotely post-pandemic, “de-densification” of the workplace could mean that people who are there will take up more space because of safety measures and efforts to make offices welcoming.Another shift might be shorter office leases. | The Wall Street Journal | 11/27/2020 | Telis Demos |
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| OPEC, Russia Alliance Favor Keeping Cuts | OPEC and its Russia-led partners are leaning toward extending oil production cuts for another two to three months, according to officials familiar with the discussions, a move they hope will keep markets tight even as prices start to recover from Covid-19-inspied lows earlier this year.The two groups, dubbed OPEC-plus, engaged in a price war early this year, but have since worked closely together to rein in output. | The Wall Street Journal | 11/28-29/2020 | Benoit Faucon and Summer Said |
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| Oil Seen Remaining Subdues Into 2021 | Oil prices are expected to remain subdued into the new year, with murky prospect for t he global economy and supply of crude weighing on the outlook.Futures for West Taxes Intermediate, the U.S. benchmark for oil, will likely be about $43.25 a barrel in the first quarter, according to a survey of 10 investment banks… | The Wall Street Journal | 11/28-29/2020 | David Hodari |
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| Bulls Fuel Decline in Volatility Measure | Market volatility is collapsing to levels not seen since February, the latest sign of optimism about a stock rally that lifted major indexes to fresh records this week.Stocks have soared back to highs, fueled by enthusiasm about a coming vaccine for the coronavirus as well as relief that the election – widely anticipated for months – has passed. Those expectations are giving more investors confidence that social and business activity have the potential to retain some normalcy following months of lockdowns, restriction and rising caseloads.The Dow Jones Industrial Average rallied 2.2% this week, crossing the 30000 mark for the first time before finishing the week below that benchmark. The blue-chip index is up 13% in November, on pace for its strongest month since 1987. The S&P 500 has advanced 11% this month, while the Nasdaq Composite has jumped 12%. Both indexes closed at records Friday. | The Wall Street Journal | 11/28-29/2020 | Gunjan Banerji and Michael Wursthorn |
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| Recovery Hopes Fail to Rally Bonds | Faster growth almost always means higher inflation, higher yields and so lower Treasury prices.This time, the bet has changed, with investors starting to accept that the reflation trade won’t bring, you know, actual inflation.The lockdown losers hit the worst this year are doing incredibly well this month, with nine S&P 500 stocks up more than 50%.The Vix gauge of implied volatility has plunged from a pre-election high of 41 to flirt with the summer lows just above 20.Junk bonds rated as close to default, or triple-C, have returned 7.3% so far in November, on track for their best month since the panic about shale oil in 2016.Cyclical stocks sensitive to the economy have done very well, while defensive stocks able to ride out recessions are in less demand. | The Wall Street Journal | 11/30/2020 | James Mackintosh |

“To buy when others are despondently selling and to sell when others are greedily buying requires the greatest fortitude and pays the greatest reward.” -Sir John Templeton

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