



INCISIVE INVESTOR

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WEEK IN REVIEW

RETAIL SALES, CONSUMER SENTIMENT RISE



U.S. stock benchmarks closed mostly higher Friday, after paring earlier losses, despite a top White House economic adviser saying talks on another financial-aid package weren't seeing much traction in Congress, stoking investor fears that any plan would not be implemented before Election Day.

The Dow Jones Industrial Average DJIA lost 28.09 points, or 0.1%, to close at 28,335.57, weighed down by a 10.6% drop in shares of Intel Corporation. The S&P 500 SPX rose 11.90 points, or 0.3%, to end at 3,465.39. The Nasdaq Composite Index COMP gained 42.28 points, or 0.4%, finishing at 11,548.28.

The Dow on Thursday rose 152.84 points, or 0.5%, to close at 28,363.66, while the S&P 500 gained 17.93 points, or 0.5%, to finish at 3,453.49. The Nasdaq Composite ended

at 11,506.01, up 21.31 points, or 0.2%.

For the week, the Dow lost 1%, the S&P 500 shed 0.5%, and the Nasdaq dropped 1.1%. The small-cap Russell 2000 RUT gained 0.4% during that time, continuing a recent trend of outperforming the larger-stock indexes.



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COVID-19: A second wave gains strength

The number of coronavirus cases around the world has exceeded 40 million, according to Johns Hopkins University. Parts of the United States struggle to deal with a concerning surge in cases. Daily new cases continue to rise in more than half the states as debate rages over the effectiveness of public safety measures pushed by the country's top health experts.

Americans continue to await stimulus deal

US House Speaker Nancy Pelosi said that Democrats and the White House were moving closer to a coronavirus stimulus deal. However, she cautioned that it could take a while for Congress to write and vote on relief legislation. The House speaker stated that the sides have still not come to an agreement on several issues that include aid to state and local governments, liability protections for businesses, and funding for the US Census and election systems. In a similar manner, Goldman Sachs opined that there is little chance that Congress will pass an economic stimulus bill before the November 3rd US elections.

US Presidential race

As of Friday morning, the Real Clear Politics average of US presidential polls showed former Vice President Joe Biden's lead over President Donald Trump edging down to 7.9%

nationally from 8.9% last week while his lead in the battleground states of Arizona, Florida, Michigan, North Carolina, Pennsylvania, and Wisconsin slid to 4.1% from 4.5%.

Nonetheless, Biden's odds of the election held steady at 64.5% while Trump's odds of reelection edged up to 36.3%. Nearly 50 million people have already voted in advance of Election Day, which represents 35% of the total voter turnout in 2016 when only 6 million Americans voted early. The final debate between the major party nominees occurred on October 22nd. Meanwhile, US national security officials detailed that Russia and Iran obtained information about American voter registrations and are trying to influence public opinion on the election.

HEADLINERS

Since World War II, a higher stock market going into a US presidential election has signaled that the incumbent president or his party would win the election. There were two occasions, during periods of unrest and disruption in 1968 and 1980 when the incumbents were not reelected.

New filings for jobless claims in the US totaled 787,000 last week (875,000 were expected), the lowest total since the early days of the pandemic.

Sales of existing US homes jumped 9.4% in September and were up 21% on an annual

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basis, according to the National Association of Realtors. The inventory of new homes fell 19% over the past year, and there was only a 2.7-month supply of homes available, which is the lowest level of supply since the metric began tracking in 1982.

US homebuilder sentiment set a record high in October for the second consecutive month, according to the NAHB/Wells Fargo Housing Market Index.

S&P 500 Index utilities stocks have been the top sector over the past month and in October, with the group now approaching a key bullish pattern known as a "golden cross," when the 50-day moving average crosses over the 200-day moving average.

The Federal Deposit Insurance Corporation reported that 7.1 million US households did not have a bank account last year, which is the lowest number since 2009.

Goldman Sachs told its clients that a Democratic "blue wave" on Election Day could unleash the fiscal floodgates and boost the amount of stimulus

flowing from Washington. The bank's chief economist, Jan Hatzius, said that a large Democratic Senate majority could bring more COVID-19 relief and infrastructure spending along with new minimum wage legislation.

Mortgage demand from US homebuyers fell for the fourth straight week; purchase demand has dropped nearly 7% over the past month.

The three-month US dollar LIBOR rate hit a record low of 0.21%. It is now down more than 100 basis points from highs hit in March at the peak of pandemic-related market volatility.

The US dollar extended its losses, hitting its lowest level in more than six weeks, prompting some traders to ramp up purchases of risky currencies.

According to a Wells Fargo US retirement survey, a tally of opinions from 3,585 workers and 1,005 retirees — 725 of whom experienced layoffs, furloughs, or income reductions during the pandemic — 39% of working millennials, 38% of Gen Xers, and 31% of baby boomers are unsure if they can save enough to retire.



MAJOR STOCK MOVES

American Express Co. AXP shares fell 3.6% after the credit card and travel services company reported a third-quarter profit that disappointed compared with expectations, while revenue topped forecasts.

Shares of Mattel Inc. MAT surged 9.6% after its third-quarter earnings topped estimates and the toy company forecast a strong holiday season.

Bloomin' Brands Inc. BLMN shares sank 8.3% after the restaurant company reported third-quarter losses that were narrower than expected. Net loss totaled \$17.6 million, or 20 cents per share, after net income of \$9.2 million, or 11 cents per share, last year.

Shares of Hubbell Inc. HUBB rallied 2.5% after the maker of electrical and utility products raised its dividend by 7.6% and approved a new \$300 million stock buyback program.

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