Weekly Market Commentary
December 28, 2020

The Markets

U.S. stock markets remained calm as a fresh chapter opened in the coronavirus stimulus saga last week.

Congress managed to cobble together a new stimulus package that was acceptable to both sides and pass it. The proposed package included money to help states distribute vaccines, an unemployment benefits extension, $600 checks for eligible Americans, aid for airlines, and other provisions, reported Mike Calia of *CNBC*.

"…fiscal support is seen as critical to keep the economic recovery from faltering as coronavirus cases rise and cities consider new shutdowns. Consumer spending has flagged, and labor market gains have begun to stall. While the number of Americans applying for unemployment benefits declined last week, it still remains elevated compared with pre-COVID levels," reported Colby Smith and Eric Platt of *Financial Times*.

President Trump disagreed with some provisions in the bill, reported *Financial Times*. Over the weekend, it was unclear whether he would sign it, veto it, or just hold it without taking action.

Since the $900 billion stimulus bill was attached to the $1.4 trillion government funding bill, the impact of a veto or inaction could be quite significant. "Without Trump's signature, the government may partially shut down on Tuesday as funding runs out, though Congress could pass a stopgap measure," reported Daren Fonda of *Barron's*.

Stock investors appeared optimistic President Trump would sign the bill. News of a Brexit trade deal and a more contagious version of the virus in the United Kingdom had limited impact on U.S. markets.

All-in-all it was a quiet holiday week and major U.S. indices finished with mixed results. If the stimulus bill is not signed and a stopgap measure is not passed, markets could be volatile next week.

Data as of 12/24/20	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-0.2%	14.6%	14.9%	11.4%	12.4%	11.4%
Dow Jones Global ex-U.S.	-0.7	7.4	7.9	2.4	6.0	2.6
10-year Treasury Note (Yield Only)	1.0	NA	1.9	2.5	2.2	3.4
Gold (per ounce)	-0.3	23.1	25.8	13.6	11.8	3.1
Bloomberg Commodity Index	-0.4	-4.8	-4.5	-3.9	-0.4	-7.0

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance, MarketWatch, djindexes.com, London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

THERE WILL ALWAYS BE RISKS. After a year of living with the fear of COVID-19, many investors are hoping 2021 will bring a return to 'normal,' even if the new normal may not be exactly like the old one.

Optimism about the future has many investors feeling bullish, according to most of the sentiment surveys listed in *Barron's* last week. *Financial Times* reported, "Almost universally, fund managers believe the year will bring a rebound in economic activity, supporting assets that have already soared in value since the depths of the pandemic crisis in March, but also lifting sectors that had been left behind. Bond yields are expected to stay low, lending further support to stock valuations."

This doesn't mean 2021 will be risk free. In its December market sentiment survey, *Deutsche Bank* asked more than 900 market professionals about the biggest risks to global financial markets in 2021. Here are the concerns they highlighted:

38 percent	Virus mutates and vaccines are less effective
36 percent	Vaccine side effects emerge
34 percent	People refuse to take the vaccine
34 percent	Technology bubble bursts
26 percent	Central banks end stimulus too soon
22 percent	Inflation returns earlier than expected

It's possible none of these will occur and investors will sail smoothly into and through the new year. We hope that's the case and next year brings with it a return to normal. Just remember, normal doesn't mean risk-free. In 2021, investors will still need to balance risk and reward on the journey toward their financial goals – just as they do every year.

Weekly Focus – Think About It

"Qualities you need to get through medical school and residency: Discipline. Patience. Perseverance. A willingness to forgo sleep. A penchant for sadomasochism. Ability to weather crises of faith and self-confidence. Accept exhaustion as fact of life. Addiction to caffeine a definite plus. Unfailing optimism that the end is in sight.

--Khaled Hosseini, Novelist

Best regards,

Moshides Financial Group

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.
* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
* The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
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* Asset allocation does not ensure a profit or protect against a loss.
* Consult your financial professional before making any investment decision.
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