

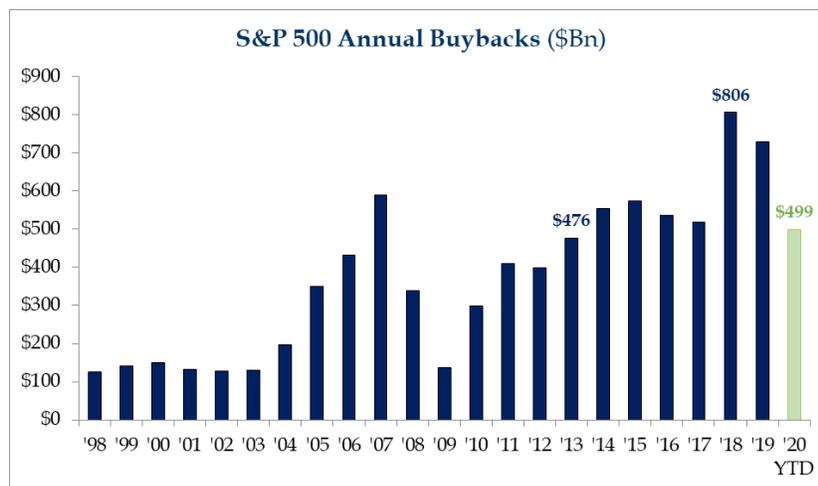
Strategas Daily Macro Brief

Prepared by Strategas Securities, a Baird Company

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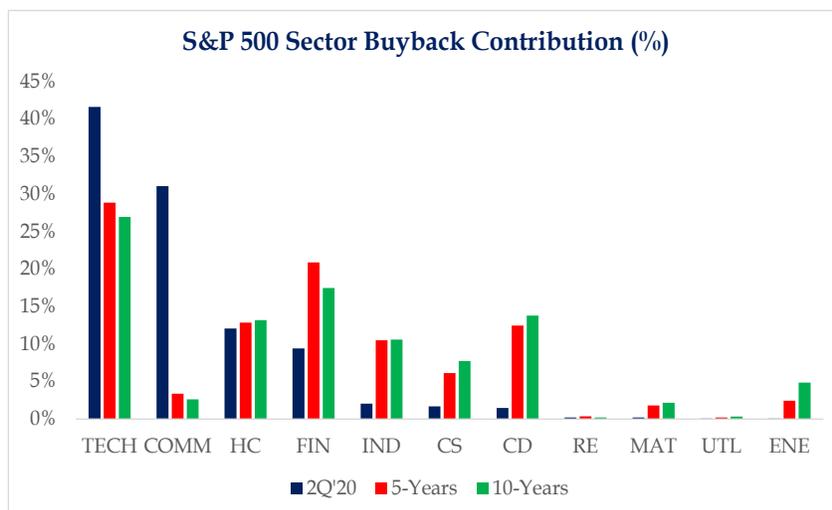
2020 BUYBACKS ESTIMATED TO BE AT LOWEST LEVEL SINCE 2013

The aggregate dollar value of buybacks for the full year is estimated to be just shy of \$500bn. This would be the lowest level since 2013, and with cash levels near \$2 trillion for the overall index, we would be more surprised if buyback activity did not increase next year.



LACK OF BUYBACK PARTICIPATION FROM FINANCIALS & DISCRETIONARY

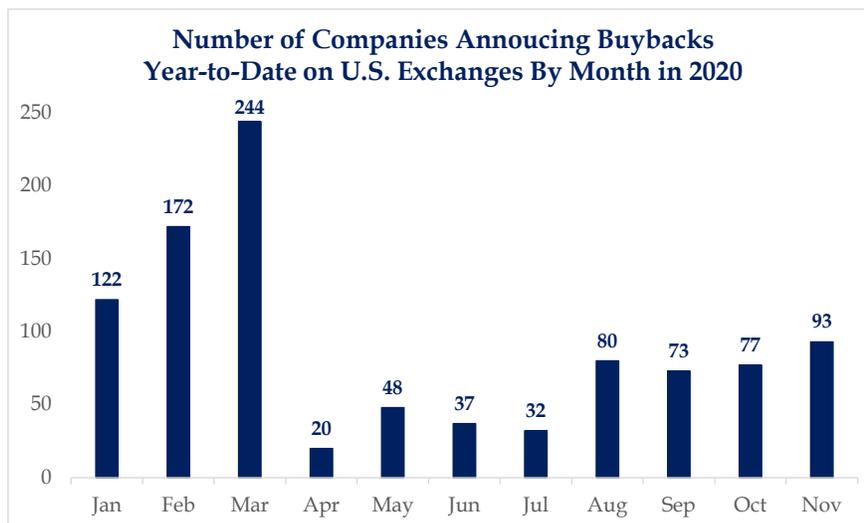
3Q actual buyback numbers will be released soon, but it should come as no surprise that participation from the Financials and Discretionary sectors were lacking. Both were well below their 5 and 10-year buyback contributions during 2Q, a trend that is unlikely to change in the 3Q data. Discretionary is waiting for a sustainable economic reopening and Financials are waiting for regulatory clearance.



Please see the Appendix on page 3 for important disclosures.

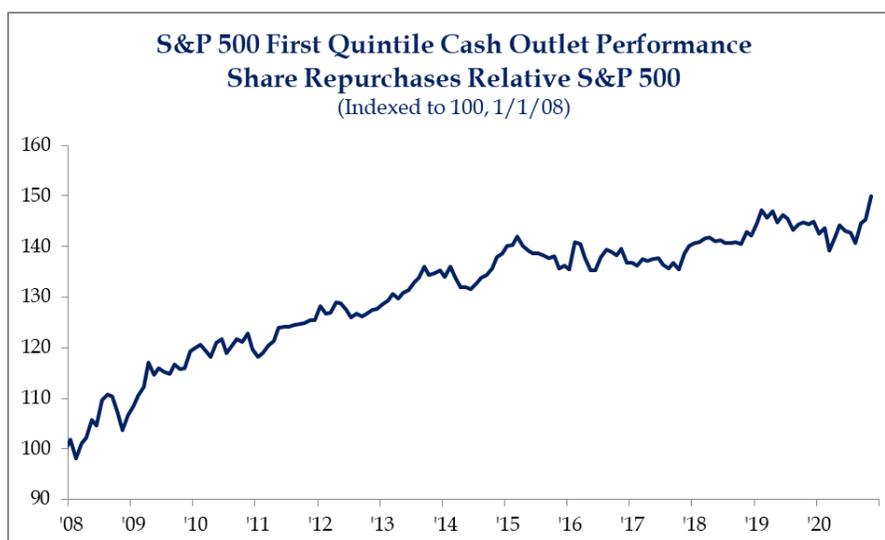
RETURN OF BUYBACKS COULD BE A TAILWIND FOR EQUITIES

While the number of buyback programs announced remains well short of the monthly numbers seen in February and March, there has been a stable uptick in companies announcing buybacks since then. With vast amounts of cash currently stockpiled, it seems possible that buybacks will gain momentum and be a helpful tailwind for equity prices and earnings in 2021.



COMPANIES BUYING BACK STOCK ARE TURNING HIGHER

While the pace of outperformance for companies repurchasing shares had slowed over the last several years, the last three months saw a strong uptick in outperformance. These companies could have some momentum going forward as companies focus less on surviving economic shutdowns and more on driving value for shareholders.



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