

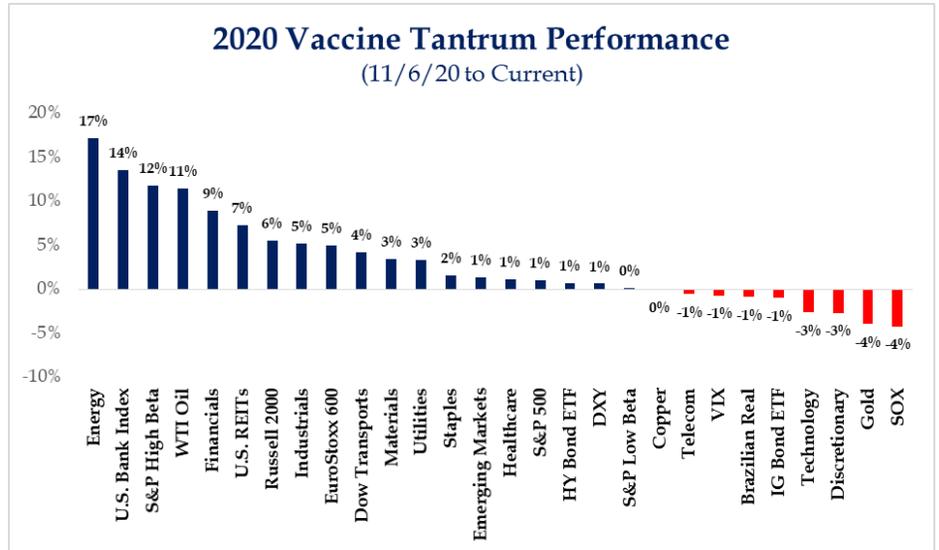
# Strategas Daily Macro Brief

November 11, 2020

Prepared by Strategas Securities, a Baird Company

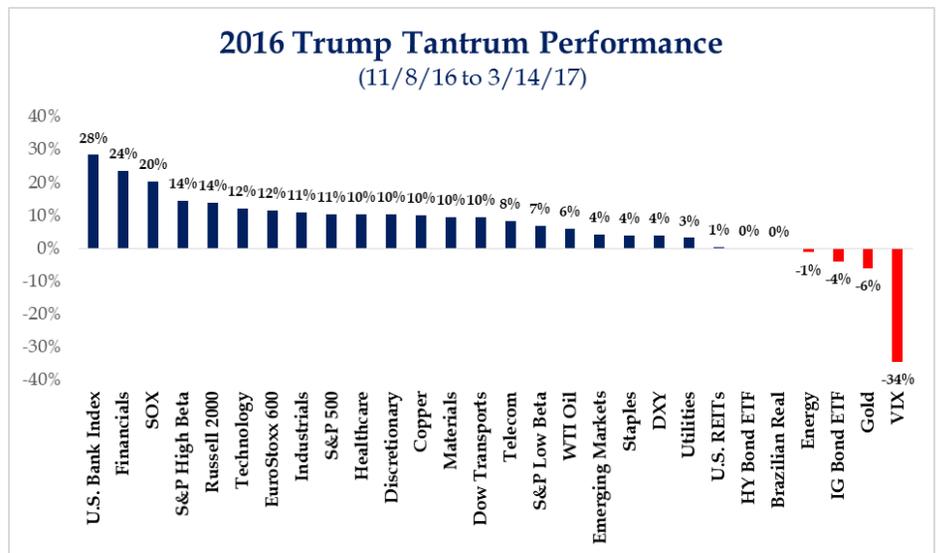
## 2020 VACCINE TANTRUM OR SECULAR SHIFT?

To be entirely fair, only time will tell if there is a secular shift occurring within sector performance, but over the last two days, financials have outperformed the broader market, high beta has beaten low beta, and small-caps outpaced large-caps. While these shifts may have been playing out over the last month, the pronounced moves this week are noticeable and worth watching.



## 2016 TRUMP TANTRUM LOOKS SIMILAR

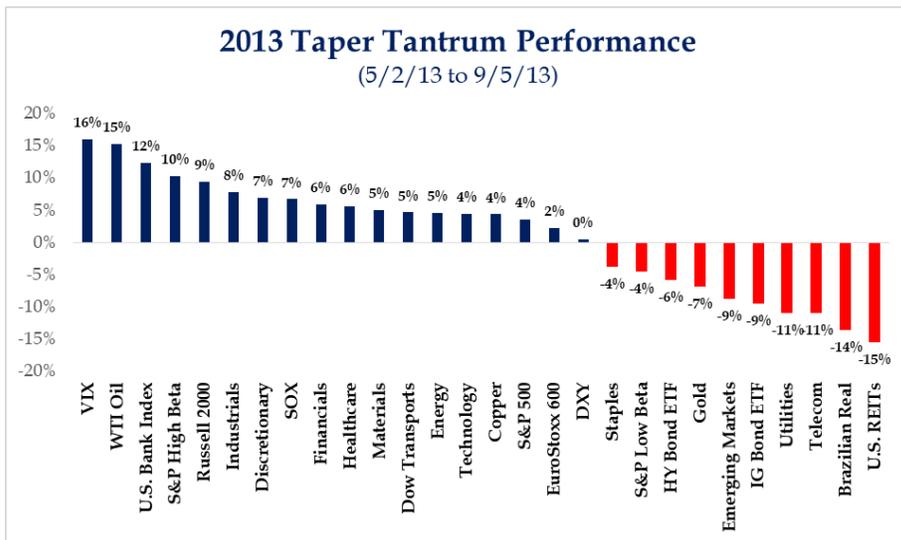
The back up in yields following Trump's victory during the 2016 election resulted in a surge for the broader market, with banks and financial stocks leading the way. Similar to today, high beta names and small-caps rallied while gold sold off. The most notable difference is Technology rallied in 2016 but to a much lesser degree than the financials.



Please see the Appendix on page 3 for important disclosures.

**...AS DOES THE 2013 TAPER TANTRUM**

The taper tantrum in 2013 also had a similar performance profile with banks, high beta, and small caps all performing quite well. Gold sold off again during this period, and many of the yield-oriented defensive sectors did as well. Volatility spiked in 2013, which is a difference between both the 2016 tantrum and what is occurring today.



**INFLATION OR INCREASED REGULATION ON TECH/COMMS MIGHT BE CATALYSTS**

Presumably, the announcement of a vaccine provides a path for economic growth and activity to return to pre-pandemic levels across all industries. In our view, this begs the question of what is the catalyst for a secular shift in market leadership. Two reasons stand out: inflation leading to higher rates, which is not yet materializing in breakevens, or increased regulation of the Technology and Communications sectors. We would love to hear others that come to mind.



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