



Rising infection rates drove the markets lower last week with the S&P 500 falling 0.96% (up 13.39% YTD)<sup>1</sup>. However, hopes for an agreement on additional stimulus and the beginning of vaccine shipments bolstered the markets on Monday sending the S&P 500 up 0.23% at open<sup>2, 3</sup>. In negative news, jobless claims jumped to a 3-month high as layoffs from Covid closures surged<sup>4</sup>. Additionally, the Electoral College begins voting today as 538 electors meet in their individual states to cast their votes based on each state's electoral

allotment. The results will be delivered and counted on Jan. 6 at 1 p.m. ET in a joint session of Congress.

We're down to 10 shopping days left this holiday season and the odds of getting your purchases on-time just took a hit. Prior to the vaccine rollout UPS and FedEx had a 95% on-time delivery rate<sup>5</sup>. That may fall as the vaccine shipments may take priority, and that is understandable. If you are still shopping, get your online orders in quickly, or consider visiting some brick-and-mortar stores (they need all the love they can get).

----Chuck

***This Week's Inspiration/Activity:***

***We learn something every day, and lots of times it's that what we learned the day before was wrong.***

***Bill Vaughan***

***Your activity for this week is to look at a firmly held belief and determine if you had all the facts before settling on it. If not, do some research and see if it changes your decision.***

***This Week in History –***

***December 19, 1917 - NHL opens its first season -- At the time of its inception, the NHL was made up of five franchises: the Canadiens and the Wanderers (both of Montreal), the Ottawa Senators, the Quebec Bulldogs, and the Toronto Arenas (known at the time as the Toronto Hockey Club).***

<sup>1</sup> See update below

<sup>2</sup> <https://www.reuters.com/article/us-usa-stocks/wall-street-opens-higher-as-travel-stocks-rally-on-vaccine-roll-out-idUSKBN2801P3>

<sup>3</sup> <https://www.reuters.com/article/us-health-coronavirus-usa-congress/u-s-congress-in-sprint-to-fund-government-approve-covid-19-emergency-aid-idUSKBN28019Z>

<sup>4</sup> <https://www.marketwatch.com/story/jobless-claims-surge-to-3-month-high-coronavirus-triggering-more-layoffs-11607607903?mod=economic-report>

<sup>5</sup> <https://spectrumlocalnews.com/nys/rochester/news/2020/12/11/shipping-pfizer-vaccine-logistics>

<sup>6</sup> <https://www.history.com/this-day-in-history/national-hockey-league-nhl-opens-its-first-season>

*In this week's recap: Rising number of COVID-19 cases and no progress on a stimulus bill led to a bumpy week on Wall Street; U.K. anticipates "No-Deal" for Brexit.*

# Weekly Economic Update

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*Presented by Charles D. Vercellone, ChFC, December 14, 2020*

## THE WEEK ON WALL STREET

Stocks retreated last week on rising COVID-19 infections and slow progress on an economic relief bill. The Dow Jones Industrial Average dipped 0.57%, while the Standard & Poor's 500 dropped 0.96%. The Nasdaq Composite index fell 0.69% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, declined 0.05%.<sup>1,2,3</sup>

## STIMULUS STALLS, STOCKS STUMBLE

The market grappled all week with worries over rising COVID-19 cases and the economic restrictions that followed. Nevertheless, there were moments of optimism— such as the starting of vaccinations in the U.K.— that drove markets to record highs.<sup>4</sup>

But gains could not be sustained as an agreement on a fiscal stimulus bill remained elusive and daily news regarding COVID-19 cases undermined investor sentiment.

Markets were also challenged by having to absorb a number of new and secondary stock offerings last week, including two high-profile technology IPOs. The Energy sector continued its strong run, while small and mid-cap stocks posted another week of positive performance.<sup>5</sup>

## A "NO-DEAL" BREXIT MORE LIKELY

The prospects of an agreement to manage Britain's exit from the European Union by year end dimmed as the two parties failed to narrow their differences in a meeting held last week.<sup>6</sup>

Though primarily a European issue, a no-deal Brexit may hold consequences for U.S. businesses and investors. The failure to reach an agreement has the potential to disrupt an already fragile supply chain and cause issues in the financial markets. A supply chain disruption may weaken European economies (e.g., Germany) that are important to American companies. Another consequence may be a stronger U.S. dollar, which would make American exports more expensive and less competitive. Little time remains in striking an agreement since the prevailing framework ends December 31, 2020.

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## TIP OF THE WEEK



*Starting a small business? A written plan is handy for forecasting, budgeting and presenting your idea to potential investors. A written plan is far preferable to one you keep in your head.*

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### THE WEEK AHEAD: KEY ECONOMIC DATA

**Tuesday:** Industrial Production.

**Wednesday:** Retail Sales, Federal Open Market Committee (FOMC) Announcement.

**Thursday:** Housing Starts, Jobless Claims.

**Friday:** Index of Leading Economic Indicators.

Source: Econoday, December 11, 2020

The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

### THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

**Thursday:** General Mills (GIS).

**Friday:** Darden Restaurants (DRI).

Source: Zacks, December 11, 2020

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

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## QUOTE OF THE WEEK

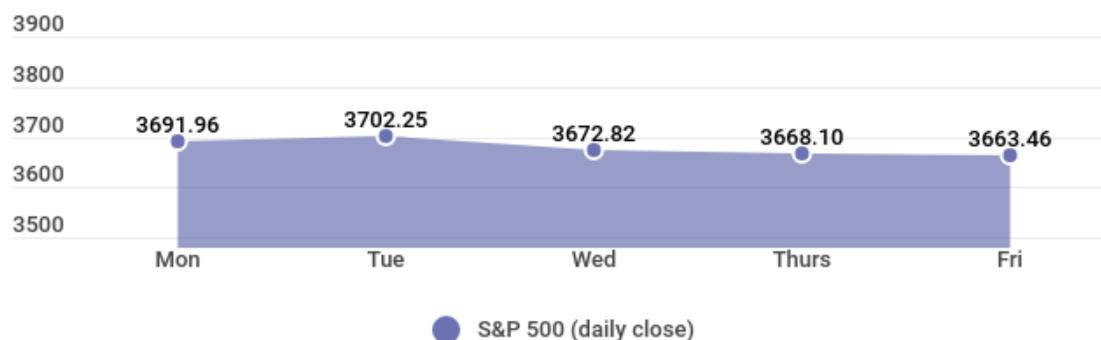


*“You’re born an original. Don’t die a copy.”*

JOHN MASON

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Market Index	Close	Week	Y-T-D
DJIA	30,046.37	-0.57%	+5.28%
NASDAQ	12,377.87	-0.69%	+37.95%
MSCI-EAFE	2,100.00	-0.05%	+3.10%
S&P 500	3,663.46	-0.96%	+13.39%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.90%	-0.07%	-1.02%

Sources: The Wall Street Journal, December 11, 2020; Treasury.gov, December 11, 2020

Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 Index, and NASDAQ Composite Index is measured from the close of trading on Friday, December 4, to Friday, December 11, close.

Weekly performance for the MSCI-EAFE is measured from Friday, December 4, open to the Thursday, December 10, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

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## THE WEEKLY RIDDLE



*At a class reunion, everyone shakes hands exactly once with every person present. That results in a total of 28 handshakes. In total, how many people are at the reunion?*

*LAST WEEK'S RIDDLE: I have keys that will open no locks. I have a space and a lock that's a key. You can enter but you can't leave, and yet - you can escape. What am I?*

*ANSWER: A keyboard.*

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### **Know someone who could use information like this?**

Please feel free to send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

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The market indexes discussed are unmanaged, and generally, considered representative of their respective markets. Index performance is not indicative of the past performance of a particular investment. Indexes do not incur management fees, costs, and expenses. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results.

The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. Nasdaq Composite is an index of the common stocks and similar securities listed on the Nasdaq stock market and is considered a broad indicator of the performance of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

Please consult your financial professional for additional information.

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CITATIONS:

1. The Wall Street Journal, December 11, 2020
2. The Wall Street Journal, December 11, 2020
3. The Wall Street Journal, December 11, 2020
4. USAToday.com, December 8, 2020
5. CNBC.com, December 10, 2020
6. CNBC.com, December 9, 2020

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