

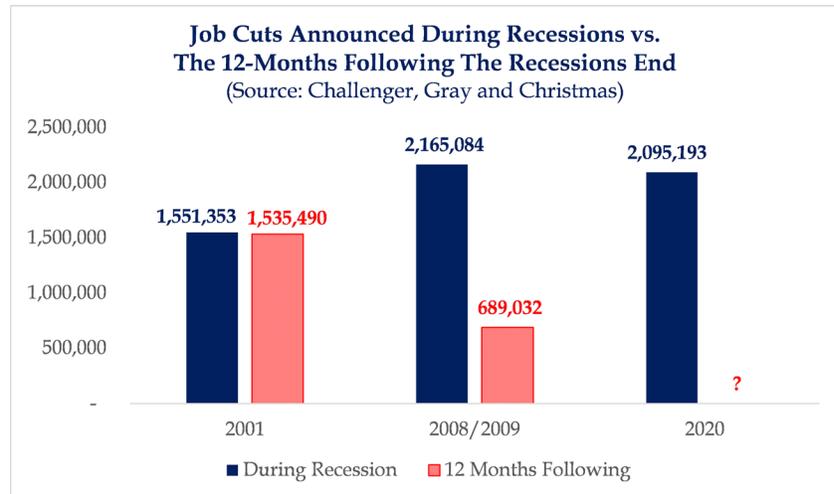
Strategas Daily Macro Brief

Prepared by Strategas Securities, a Baird Company

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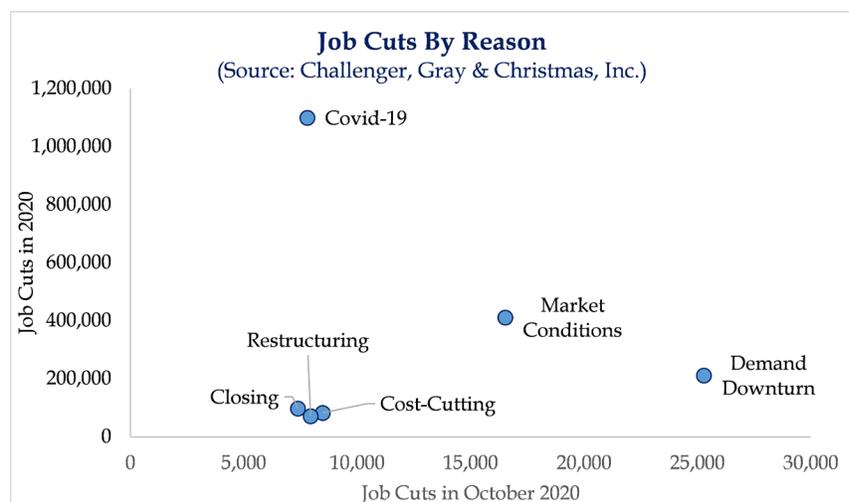
2020 JOB CUTS ANNOUNCEMENTS IN LINE WITH PRIOR RECESSIONS

Despite the prevalent coverage of job cut announcements this year from high-profile names (Goldman Sachs being the most recent feature by news outlets), it's worth noting that job cut announcements are still in-line with the aggregate amount seen in prior recessions for now. However, the economic recovery is far from over, and vigilance is necessary. As Don Rissmiller noted, consumer spending is 68% of GDP, and the most important variable for consumer spending is whether you have a job.



MARKET ENVIRONMENT CITED FOR MORE JOB CUTS LATELY

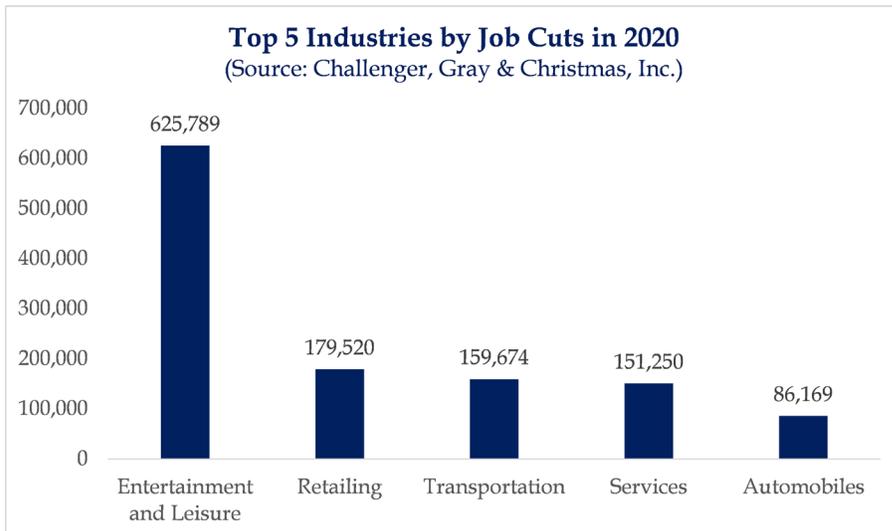
From the latest Challenger Job Cuts Report, demand downturn and market conditions were the two most cited reasons behind job cuts announcements in October 2020. As businesses grapple with what seems to be a rising second wave of Covid-19, more trouble may lie ahead as the prospects of new lockdowns increase while the world waits for a vaccine rollout.



Please see the Appendix on page 3 for important disclosures.

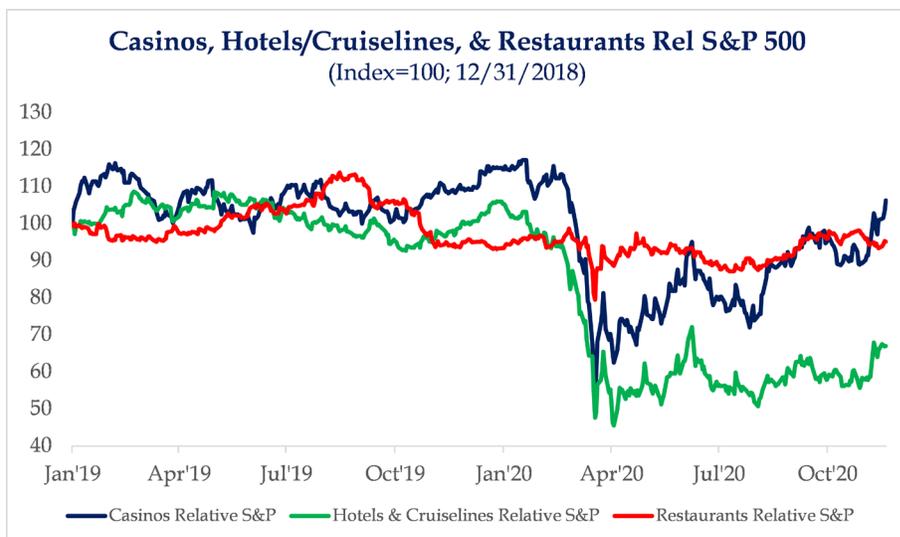
ENTERTAINMENT & RETAILING HOLD MAJORITY OF LAYOFF SHARE

As a result of the Covid-19 pandemic, the entertainment/leisure and retailing industries have been deeply scarred from the precipitous drop-off in economic activity and ensuing uncertainty. As a result, the cumulative amount of layoffs in these industries is particularly staggering. However, it is worth noting that the pace has moderated over recent months.



“CRISIS INDUSTRIES” SHOWING LIFE BUT STILL HAVE A LONG WAY TO GO

Some of the brightest news over the past few weeks has been the impressive efficacy results of multiple vaccine candidates. We’ve noted recently that due to the pent-up demand from consumers, it finally may be time to go the “B.E.A.C.H.”. Price action from the negatively affected industries such as entertainment, hotels, cruise lines/casinos, and restaurants have improved lately, reflecting the newfound optimism in future business bookings. It is worth noting that bookings don’t necessarily equate to revenues, and with most companies having lax cancellation policies now, the stocks could easily move lower again.



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