



The Markets

Last week, financial markets and economic data told very different stories.

Reviewing economic data is a bit like looking in a rearview mirror. Typically, it offers information about what is behind us. For example, last week we learned:

- **The U.S. economy grew by 33.1 percent during the third quarter of 2020.** Strong growth helped boost America's Gross Domestic Product (GDP), which is the value of all goods and services produced in the nation. At the end of the quarter, GDP was about 3 percent lower than a year ago, reported *The Economist*.
- **Personal income increased in September, and so did spending on goods and services.** Americans bought more clothes, cars, and car parts, and spent more on healthcare and recreation.
- **New claims for unemployment insurance moved lower last week.** Unemployment remains high overall, but a slowdown in new claims is positive.

Despite positive trends in economic data, major U.S. stock indices delivered their worst performance since March 2020. Financial markets are the windshield. They show us what investors anticipate may be ahead. Last week, it was clear investors were not optimistic. There were a number of reasons they may have been concerned:

- **The number of coronavirus cases in the United States and around the globe is on the rise.** In Europe, Germany, France, the United Kingdom, and other nations have closed segments of their economies and tightened limits on social distancing. "The more serious the virus spread becomes, the more economic restrictions get put in place. That, in turn, applies economic pressure and spooks investors," reported *CNBC*.
- **New U.S. stimulus was delayed.** Democrats and Republicans were unable to agree on the terms for a new stimulus package before the election. Concern that stimulus measures might be delayed until next year helped push stock indices lower last week.
- **Election uncertainty is high.** "The election looms large as the biggest wild card risk for markets, and there is a real concern that no outcome could lead to a period of uncertainty and turbulence for markets and the economy," reported *CNBC*.

It's possible we may see more market volatility this week.

Data as of 10/30/20	1-Week	Y.T.D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-5.6%	1.2%	7.3%	8.3%	9.5%	10.7%
Dow Jones Global ex-U.S.	-4.7	-8.5	-3.8	-2.3	2.0	1.2
10-year Treasury Note (Yield Only)	0.9	NA	1.7	2.4	2.2	2.6
Gold (per ounce)	-1.2	23.6	26.1	14.0	10.5	3.3
Bloomberg Commodity Index	-2.4	-11.2	-9.8	-5.9	-3.9	-7.0
S&P 500, Dow Jones Global ex-U.S. 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.

WE ARE ALL IN THIS TOGETHER. It's election week, and Americans of all political persuasions are bracing themselves. We're worried about short-term events and the long-term future of the country. In part, that's because sharp partisan divides have obscured an important fact: Americans agree on a lot of things.

For example, in October, *More in Common*, a nonpartisan nonprofit working to bring Americans together, published the results of surveys conducted from June through September 2020 in partnership with *YouGov*.

The group's report, *Democracy for President*, found the majority of Americans (81 percent) agree that democracy is imperfect but preferable to other forms of government. In addition, Americans:

- Say it's important to live in a country that is governed democratically (92 percent)
- Agree voting is a way they can improve the country (88 percent)
- Feel a sense of pride in being an American when they vote (81 percent)
- Go to the polls to honor those who fought for the right to vote (80 percent)

About 7-in-10, "...say that elections in the United States are generally safe and trustworthy, and this number differs little between Democrats and Republicans."

A majority of the Americans surveyed were concerned about election integrity. Regardless of party affiliation, they were uneasy about election officials and politicians discouraging voting (80 percent), results not being available on election day (75 percent), and the possibility of fraud if there is a long wait for results (73 percent).

It's notable, even in our concerns about this election, we are worried by the same things.

As the week progresses, remember the United States of America has been holding elections for almost 250 years. We held elections during the Civil War, World War I, and World War II. Our robust election tradition has endured over generations because of our shared belief democracy is the best form of government.

That doesn't mean Americans will always agree. We won't – and that's why we vote.

Weekly Focus – Think About It

"...should things go wrong at any time, the people will set them to rights by the peaceable exercise of their elective rights."

--Thomas Jefferson, 3rd President of the United States

Best regards,

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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.

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- * 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.
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