



## Market Strategy Weekly

November 20, 2020

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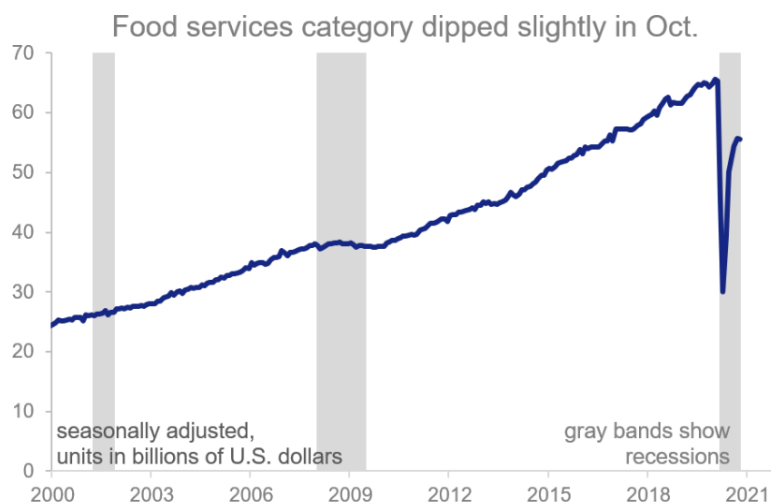
### POCKETS OF STRENGTH | SERVICES STRUGGLING | STIMULUS KEY

Given the big haul of economic data released this week, we thought it would be useful to run through the numbers, try to cut through some of the noise, and give investors information they can use when making decisions.

Despite the pandemic, some parts of the US economy continue to outperform. Both output and survey data suggest the manufacturing sector is solidly expanding, for instance. Housing is another area where data continues to strengthen as coronavirus-related issues and demographic trends boost the sector.

The consumer picture is more concerning. Retail sales data released this week showed growth in October, but at a slowing pace. This is troubling given the dramatic hit to consumption this year, particularly in the usually stable service industries. For example, food services spending has started to dip again just as we're facing more lockdowns and restrictions over the coming months. Consumers account for ~68% of the total US economy and it's worrying to see them starting to curb spending as we head into the year-end holiday season.

Weekly data can be noisy, but another less-than-reassuring piece of data was the number of initial jobless claims, which moved up from the previous week after several weeks of steady decline.



The good news is that additional policy support can go a long way toward fixing the issue. Getting money to consumers in times of crisis (like the CARES Act did this spring) can provide a cushion and help boost the economy in the short-term. Although Congress has not yet authorized a new stimulus bill, we continue to believe that one is in the works. The longer it takes to get done, however, the more risks arise. This is an area we will be watching closely over the coming weeks.

As with investing, distinguishing between the short-term and the long-term when thinking about the economy is critical. There is some reason for concern about near-term volatility, but the fundamentals of the economy (especially with news that a vaccine is on the way) should continue to improve as we get into the second and third quarter of 2021.

As always, let us know if we can assist in any way. Stay healthy, stay safe, and have a great holiday.

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