

Market Pulse

from the Investment Advisory Group

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In Focus

Global equities are rallying powerfully to start the new week based on encouraging results from Pfizer's and BioNTech's large-scale vaccine trial. The study showed that the partnership's vaccine prevented roughly 90% of infections, an efficacy rate well above pre-trial expectations. The S&P 500 index surged roughly 4% before the market open, while US Treasury yields traded to multi-month highs. The vaccine must still seek emergency use authorization and undergo safety testing, but the clinical trial marks a promising milestone in the battle against COVID-19. If the approval process goes smoothly, distribution of the Pfizer/BioNTech vaccine could begin as soon as December.

On the political front, multiple news outlets have called the election in favor of Joe Biden. However, President Trump's pledge to contest the elections in court could result in pockets of uncertainty that warrant surveillance. These disputes are likely to persist in the weeks ahead, which may create a hectic transition period between now and the inauguration on January 20. Additionally, both Georgia Senate races will require runoffs before we have full visibility into the make-up of Congress. Markets are pricing in the divided government scenario, which may obstruct the legislative path for a larger COVID-19 relief package prior to the inauguration. It would also presumably make President-elect Biden's corporate and individual tax hikes more difficult to implement, which is offsetting some of the market's concern over a reduced stimulus deal.

A Look Back

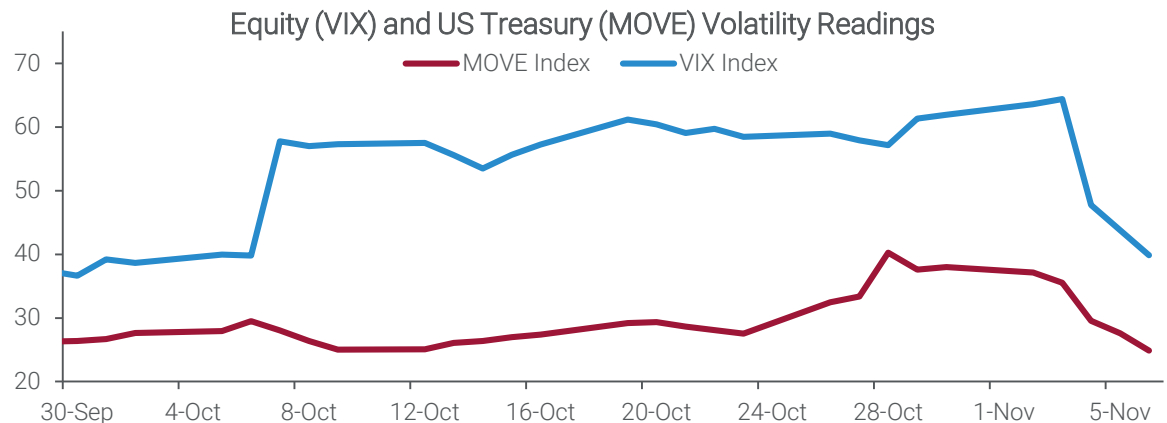
A Look Ahead

- Former Vice President Joe Biden was elected the 46th President of the United States; however, President Trump's vow to contest the election's outcome could create near-term uncertainty.
- The Federal Open Market Committee left the Fed funds rate unchanged (0-0.25%) but signaled a willingness to add more support should pandemic conditions continue to deteriorate.
- Friday's jobs report showed the US has recovered 54% of the jobs lost in March and April. The unemployment rate fell from 7.9% to 6.9%.

- President-elect Biden is expected to unveil his administration's coronavirus taskforce today as daily US cases surge to record levels.
- The last 10% of S&P 500 companies will finish reporting earnings results. 83% of reported earnings results have exceeded expectations, supporting the S&P 500 index's recent bounce.
- Key data for this week includes: October inflation data (Consumer & Producer price indices), MBA Mortgage Applications, University of Michigan Sentiment and NFIB Small Business Optimism.

Chart of the Week: Market Tensions Ease With Political Clarity

Volatility readings in US stocks and bonds jumped and remained elevated roughly a month prior to the election. Throughout the week, as the election outcome became somewhat clearer, volatility for US equity and fixed income markets waned as they eased back towards pre-election levels.



Data Source: SunTrust IAG, Bloomberg

As of Nov 06, 2020

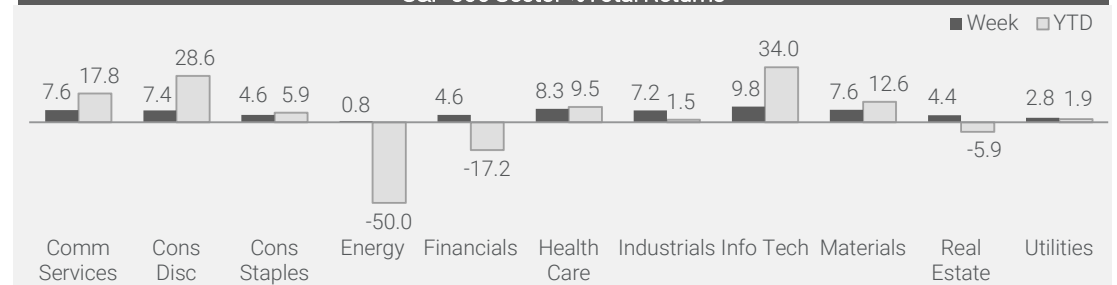
| Index % Total Return | Week | MTD | QTD | YTD | 1 Yr |
|---|------|------|------|--------|--------|
| MSCI ACWI (net) | 7.60 | 7.60 | 4.98 | 6.42 | 11.20 |
| S&P 500 | 7.36 | 7.36 | 4.50 | 10.33 | 16.13 |
| MSCI EAFE (net) | 8.11 | 8.11 | 3.79 | -3.57 | -0.52 |
| MSCI Emerging Markets (net) | 6.62 | 6.62 | 8.82 | 7.55 | 12.41 |
| Dow Jones Industrials | 6.89 | 6.89 | 2.06 | 1.13 | 5.46 |
| NASDAQ Composite | 9.01 | 9.01 | 6.52 | 32.57 | 41.06 |
| FTSE NAREIT All Equity REITs Index | 4.30 | 4.30 | 0.80 | -11.56 | -10.29 |
| Bloomberg Commodity Index | 1.36 | 1.36 | 2.79 | -9.63 | -8.52 |
| Bloomberg Barclays Aggregate | 0.49 | 0.49 | 0.04 | 6.83 | 7.18 |
| ICE BofA US High Yield | 2.12 | 2.12 | 2.60 | 2.29 | 4.45 |
| Bloomberg Barclays Municipal Bond Blend 1-15 Year | 0.48 | 0.48 | 0.22 | 3.58 | 4.25 |
| ICE BofA Global Government xUS (USD Unhedged) | 1.77 | 1.77 | 2.11 | 7.50 | 7.76 |
| ICE BofA Global Government xUS (USD Hedged) | 0.13 | 0.13 | 0.44 | 3.53 | 3.11 |
| JP Morgan GBI-EM Global Diversified Composite | 3.71 | 3.71 | 4.15 | -2.44 | -0.28 |

| Rates (%) | 11/06/20 | 9/30/20 | 6/30/20 | 3/31/20 | 12/31/19 |
|---|----------|---------|---------|---------|----------|
| Fed Funds Target | 0.25 | 0.25 | 0.25 | 0.25 | 1.75 |
| Libor, 3-Month | 0.20 | 0.23 | 0.30 | 1.45 | 1.90 |
| T-Bill, 3-Month | 0.09 | 0.10 | 0.15 | 0.10 | 1.54 |
| 2-Year Treasury | 0.14 | 0.13 | 0.14 | 0.19 | 1.57 |
| 5-Year Treasury | 0.36 | 0.27 | 0.28 | 0.37 | 1.69 |
| 10-Year Treasury | 0.81 | 0.68 | 0.65 | 0.68 | 1.91 |
| 30-Year Treasury | 1.59 | 1.45 | 1.40 | 1.31 | 2.38 |
| Bloomberg Barclays Aggregate (YTW) | 1.19 | 1.18 | 1.25 | 1.59 | 2.31 |
| Bloomberg Barclays Municipal Bond Blend 1-15 Year | 0.96 | 0.96 | 1.16 | 1.75 | 1.53 |
| ICE BofA US High Yield | 5.05 | 5.76 | 6.84 | 9.24 | 5.41 |
| Currencies | 11/06/20 | 9/30/20 | 6/30/20 | 3/31/20 | 12/31/19 |
| Euro (\$/€) | 1.19 | 1.17 | 1.12 | 1.10 | 1.12 |
| Yen (¥/\$) | 103.31 | 105.53 | 107.89 | 107.96 | 108.68 |
| Pound (\$/£) | 1.31 | 1.29 | 1.24 | 1.24 | 1.32 |
| Commodities | 11/06/20 | 9/30/20 | 6/30/20 | 3/31/20 | 12/31/19 |
| Crude Oil (WTI) | 37.14 | 40.22 | 39.27 | 20.48 | 61.06 |
| Gold | 1,952 | 1,896 | 1,801 | 1,597 | 1,523 |
| Volatility | 11/06/20 | 9/30/20 | 6/30/20 | 3/31/20 | 12/31/19 |
| CBOE VIX | 24.86 | 26.37 | 30.43 | 53.54 | 13.78 |

U.S. Style % Total Returns (Russell Indexes)

| | Week | | | YTD | | |
|-------|-------|------|--------|--------|-------|--------|
| | Value | Core | Growth | Value | Core | Growth |
| Large | 5.48 | 7.53 | 9.42 | -7.96 | 11.65 | 31.42 |
| Mid | 5.34 | 6.92 | 9.73 | -7.34 | 5.07 | 25.16 |
| Small | 4.91 | 6.89 | 8.72 | -14.75 | -0.35 | 13.80 |

S&P 500 Sector % Total Returns



Data Source: SunTrust IAG, FactSet

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Commonly used acronyms: SAAR = seasonally adjusted annual rate; MoM = month-over-month change; QoQ = quarter-over-quarter change; YoY = Year-over-year change; K = thousands; M = millions.

S&P 500 Index is comprised of 500 widely-held securities considered to be representative of the stock market in general.

S&P 500 Information Technology Index –a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the information technology sector based on GICS® classification.

The CBOE Volatility Index® (VIX®) is a measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

MSCI ACWI Index (MSCI All Country World) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 45 country indices comprising 24 developed and 21 emerging market country indices.

MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

MSCI EM Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

Bloomberg Barclays Global Aggregate Index is an index of investment grade debt including treasury, government-related, corporate and securitized debt, from 24 local currency benchmarks.

Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

The ICE BofAML U.S. High Yield Index tracks the performance of below investment grade, but not in default, US dollar denominated corporate bonds publicly issued in the US domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P.

The Bloomberg Barclays Municipal Bond Blend 1-15 Year (1-17 Yr) is an index of municipal bonds with a minimum credit rating of at least Baa, issued as part of a deal of at least \$50 million, that have a maturity value of at least \$5 million and a maturity range of 12 to 17 years.

The Bloomberg Dollar Spot Index tracks a basket of 10 leading global currencies versus the US Dollar.

The ICE BofAML Global Government ex US Index tracks the performance of publicly issued investment grade sovereign debt denominated in the issuer's own domestic currency excluding all securities denominated in US dollars.

JP Morgan GBI-EM Global Diversified Composite is a comprehensive emerging market debt index that tracks local currency bonds issued by Emerging Market governments.

The Bloomberg Commodity Index is a composition of futures contracts on physical commodities in five sectors including energy, agriculture, industrial metals, precious metals and livestock.

The FTSE NAREIT All Equity REITs Index is a free-float adjusted market capitalization-weighted index that includes all tax qualified REITs listed on the NYSE, AMEX and NASDAQ.

HFRX Global Hedge Fund Index is defined to be representative of the overall composition of the hedge fund universe.

HFRX Equity Hedge Index is an index that tracks equity hedge strategies that maintain both short and long positions in equity and equity derivative securities.

HFRX Macro Index is an index that tracks private hedge funds where the process is predicated on movements in underlying economic variables.

HFRX Absolute Return Index is an index that is designed to be representative of the overall composition in the hedge fund universe.

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It is not possible to invest directly in an index.

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