



NOVEMBER 2020 MARKET COMMENTARY

Markets were in a “holding pattern” through much of October as investors were in “wait and see” mode as news circulated about COVID-19 and the US Elections ([click here for our thoughts on the Election](#)). Coming into the last week of the month, markets took a step back as COVID-19 numbers indicated a second wave and widespread restrictions were implemented across Europe.

At the end of October, the broad market Standard and Poor’s 500 Index stood up 1.21% for the year. While markets appear flat for the year, it is important to note that returns are uneven with the mega-cap tech companies Microsoft, Amazon, Apple, Facebook, and Google driving the majority of the index return (Source: FactSet, Goldman Sachs Global Investment Research). This is evidenced by the Dow Jones Industrial Average (which only contains Apple and Microsoft) still registering down 7.14% for the year.

The first reading of GDP growth for the third quarter showed the economy expanded by 33.1%, potentially lifting us out of recession. However, it is important to note that while unemployment is down from the April peak, it is still elevated (nearly twice pre-pandemic levels) and it will likely take some time for us to reach more robust employment. While it remains to be seen how quickly the economy recovers, we are moving in the right direction and have the pledged support of an extremely accommodative Federal Reserve.

While we remain optimistic that the economy, as it always has, will return to expansion with more full employment, we would not be surprised if the recovery takes a bit longer than markets are predicting. We have remained cautious throughout this year and have been patient to seek better entry points when putting new money into the markets for clients. Over the past few months that has been a difficult task, but as we eye the presidential election, COVID-19 cases, and economic data, we remain vigilant, ready to take advantage of buying opportunities, and we advise clients to remain committed to their long-term financial plans.

As always, if you have any questions, please do not hesitate to contact our team.

Stay healthy and be well!

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