



## DECEMBER 2020 MARKET COMMENTARY

In November, the US elections (while contested) have signaled that we will have a divided Congress which will likely lead to gridlock in Washington, DC, for the foreseeable future. This has been cheered by markets as a divided Congress renders the chance of surprise legislation or reform low. More importantly, the month brought the announcement of three reportedly highly effective vaccines for COVID-19. The news whet investors' appetites for risk assets and added fuel to the post-election rally pushing equity markets broadly to new highs. While the first hurdles of efficacy and safety have seemingly been passed by all three vaccines, attention needs to be focused on how quickly these vaccines can be approved, manufactured, distributed and administered.

It seems that between the election results and news of a vaccine, all near-time concerns about the economy have been muted. However, while we remain positive over the long term and optimistic that the economy will return to expansion and full employment, we remain cautious in the short term. While news of the vaccine to be celebrated, it is worth noting that there are logistical challenges of the 90% effective Pfizer and 95% effective Moderna vaccines. They both require extremely cold storage (as much as  $-70^{\circ}\text{C}$ ) and are relatively expensive. The less effective (70% efficacy) AstraZeneca vaccine is able to be stored at regular refrigeration temperatures and comes at a much lower price. In addition, the path to pandemic recovery may be bumpy in the near-term as governments grapple to control the virus (particularly as numbers rise and seasonal factors make this a more difficult task as we approach winter) and while both the current Trump administration and future Biden administrations are committed to continuing to push for expedience, it will likely be several months before vaccines are able to be distributed and administered on a mass scale.

With that said, markets are forward looking. While it remains to be seen how quickly the economy recovers, we are moving in the right direction, finally have a light at the end of the tunnel (a vaccine), and have the pledged support of an extremely accommodative Federal Reserve. We remain cautious in the short term and patient to seek entry points when putting new money into the markets for clients. Over the past few months that has been a difficult task, but 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.

## FOCUSED ON YOUR FINANCIAL INDEPENDENCE



 **HIGHTOWER**  
Financial Principles, LLC

**FINANCIAL PRINCIPLES, LLC**  
**A HIGHTOWER WEALTH MANAGEMENT PRACTICE**

**310 PASSAIC AVENUE, SUITE 203, FAIRFIELD, NJ 07004**  
**505 FIFTH AVENUE, 4TH FLOOR, NEW YORK, NY 10017**  
**973-582-1000**  
**WWW.FINANCIALPRINCIPLES.COM**

**FOCUSED ON YOUR FINANCIAL INDEPENDENCE**



**Bradley H. Bofford, CLU<sup>®</sup>, ChFC<sup>®</sup>, CFP<sup>®</sup>**

Managing Director, Partner  
973-582-1002

[bbofford@hightoweradvisors.com](mailto:bbofford@hightoweradvisors.com)



**Michael Flower, CFP<sup>®</sup>**

Managing Director, Partner  
973-582-1004

[mflower@hightoweradvisors.com](mailto:mflower@hightoweradvisors.com)



**Daniel Trout**

Partner  
973-582-1006

[dtrout@hightoweradvisors.com](mailto:dtrout@hightoweradvisors.com)



**Steven Gelber, AIF<sup>®</sup>**

Associate Wealth Advisor  
973-582-1015

[sgelber@hightoweradvisors.com](mailto:sgelber@hightoweradvisors.com)



**Andrew Olivier, CFP<sup>®</sup>**

Associate Wealth Advisor  
973-582-1005

[aolivier@hightoweradvisors.com](mailto:aolivier@hightoweradvisors.com)

*Securities and investment advice offered through HighTower Securities, LLC, Member FINRA/SIPC. HighTower Advisors, LLC, is an SEC Registered Investment Advisor. Financial Principles, LLC, is under separate ownership from any other named entity.*

*The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual.*

*The information contained herein has been obtained from sources considered to be reliable, but accuracy or completeness of any statement is not guaranteed.*

*No information contained herein is meant as tax or legal advice. Please consult the appropriate professionals to see how the laws apply to your situation.*

*©Financial Principles, LLC, 2020. Reproduction of this material is prohibited without consent of Financial Principles, LLC.*

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e. wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations.

<https://www.pfizer.com/news/press-release/press-release-detail/pfizer-and-biontech-conclude-phase-3-study-covid-19-vaccine>

<https://am.ipmorgan.com/qb/en/asset-management/adv/insights/market-insights/monthly-market-review/>

<https://investors.modernatx.com/news-releases/news-release-details/moderna-announces-longer-shelf-life-its-covid-19-vaccine>

<https://investors.modernatx.com/news-releases/news-release-details/modernas-covid-19-vaccine-candidate-meets-its-primary-efficacy>

<https://www.astrazeneca.com/media-centre/press-releases/2020/azd1222h1r.html>