

November 2020

Demarche Dashboard

A Flash Report on Markets and the Economy



Data and Commentary for Periods Ended 11/30/2020

Global Overview

Although a global increase in COVID-19 infections continues, optimism regarding the potential approval of multiple coronavirus vaccines more than offsets pandemic concerns in the market. The Dow Jones Industrial Average, S&P 500 and the Nasdaq Composite all experienced double-digit gains in November. The Dow Jones Industrial Average rose 12.1%, its strongest month since January 1987, while briefly moving past the 30,000 level for the first time. The S&P 500 increased by 11.0%, while the Nasdaq Composite increased 11.8%. Non-U.S. markets also rallied in November, with the MSCI EAFE Index returning 15.5% and the MSCI Emerging Markets Index returning 9.3% for the month.

U.S. Markets & Economy

The U.S. equity markets experienced a month-long rally as several pharmaceutical companies approached obtaining the final approval on their COVID-19 vaccines. With three pharmaceutical companies gearing up for nationwide U.S. distribution, the market rallied in anticipation of the economy being able to recover some of its lost activity during the next year. The rally was broad, with over 450 stocks rising in the S&P 500 as compared to rallies of only 212 stocks in October and 153 stocks in September. The broad rally included a cyclical comeback with companies most affected by the pandemic showing strong returns. Battered sectors such as energy and financials experienced a significant comeback. The energy sector witnessed a 27% increase during the month of November, having previously declined more than 50% year-to-date through October. The financial sector also rallied by 17% during November, its best month since 2009.

Despite record numbers of coronavirus infections, U.S. consumers continued to boost spending, with services and manufacturing activity expanding. U.S. Manufacturing PMI reported 56.7 for November, up from 53.3 in October. U.S. Services PMI reported 58.4 for November, up from 56.9 in October. The market rally was further supported by third quarter corporate earnings, which reported better than expected returns across all sectors. The broad market rally also spread into small stocks with a rally of 18.4% for the Russell 2000 Index during November, narrowing the performance gap with the S&P 500 Index, which leads the Russell 2000 Index by 3.6% year-to-date. Value outperformed growth in November across both small cap and large cap stocks. The Russell 2000 Value Index returned 19.3% for the month as compared to a 17.6% return for the Russell 2000 Growth Index. The Russell 1000 Value Index returned 13.5% for the month as compared to a 10.2% return for the Russell 1000 Growth Index. Yet, even after November's bounce, value-oriented securities remain priced close to an all-time discount relative to growth stocks.

The fixed income market was also affected by the positive vaccine developments and constructive third-quarter earnings announcements. Investment grade and high yield credit spreads narrowed in November by 22 basis points and 99 basis points, respectively. The 10-Year Treasury yield rallied at the end of November, reaching a 0.84% yield, as optimism grew about a bipartisan proposal of an additional \$908 billion in stimulus. The Bloomberg Barclays U.S. Aggregate Index returned 0.98% during the month as compared to a 4.0% return for the ICE BofA U.S. High Yield Index.

International Markets & Economy

Non-U.S. equity performance continues to be driven by the impact of COVID-19 on each respective market. The U.K. became the first Western nation to authorize a COVID-19 vaccine, clearing the Pfizer/BioNTech entry to be distributed in limited numbers by early December. The U.K. plans to vaccinate all citizens over the age of 50 within a few months, while the European Union is on a slower path to distribution of the vaccine. The developed market MSCI EAFE Index posted a positive result of 15.5% for the month, and the MSCI Europe Index reported a positive of 17.0%.

The emerging markets saw a boost in optimism as the result of improving global demand. China's trade surplus increased to \$75.4 billion in November, surpassing a record set in 1981. China's exports were up 12% during the month of November from the previous year and accelerated from 11.4% reported in October. Additionally, a business survey showed China's factory sector activity grew at its fastest pace in a decade in November, as pre-pandemic levels are reached across the Chinese economy. China's aggregate credit expansion has been a boon for the broader market, leading to the MSCI Emerging Markets Index returning 10.2% year-to-date. Other emerging markets showing signs of strength include Indonesia and India, which both posted positive PMI data for the month.

In the News

After weeks of dispute, the Trump administration made federal resources available to President-elect Biden's transition team on November 23rd, initiating signs of an orderly transition. The market was relieved by this development, easing concerns about political uncertainty and its resulting market volatility. Although President-elect Biden enters the presidency with a likely Republican majority in the Senate, two Senate seats in Georgia are up for election in January that could result in a 50/50 Senate, with Democrats having a majority vote since Vice President Kamala Harris would break any ties.

Economic Indicators

	GDP			Unemployment Rate	Interest Rates	Exchange Rates per US \$		Inflation ²
	Latest	2020 ¹	2021 ¹	(Most recently available)	Sovereign Bonds, 10 Year	Current	1 Year Ago	(Most recently available)
United States	33.10	-3.70	3.19	6.70	0.84	-	-	1.61
China	11.20	1.78	8.04	4.20	3.28	6.58	7.03	1.73
Japan	21.40	-5.29	2.32	3.10	0.03	104.39	108.95	0.10
United Kingdom	78.00	-11.25	4.20	4.80	0.32	1.34	1.29	0.74
Euro Area	60.50	-9.10	4.50	8.40	0.00	1.19	1.10	0.22
Germany	38.50	-5.53	2.80	4.50	-0.57	1.19	1.10	-0.19
France	98.30	-9.11	6.03	8.60	-0.33	1.19	1.10	0.05
Italy	80.40	-9.05	4.29	9.80	0.58	1.19	1.10	-0.48
Canada	40.50	-5.39	3.47	8.90	0.68	1.30	1.33	0.15
India	125.00	-9.86	7.90	6.50	5.91	73.56	71.01	5.55
Mexico	58.00	-9.19	3.56	3.30	5.56	20.02	19.46	4.01
Brazil	-33.50	-6.02	2.62	14.60	7.62	5.32	4.22	3.14

Sources: (Most recently available data) Standard and Poor's, FTSE/Russell, Morgan Stanley Capital International (MSCI), Bloomberg, Citigroup, St. Louis Federal Reserve, The Conference Board, The Wall Street Journal, OECD, The World Bank, Bureau of Economic Analysis, Trading Economics, and *The Economist*

1. Euro Area data forecasted by The World Bank, all other forecasted data from OECD

2. In terms of CPI All Items

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Capital Markets Overview

		TRAILING			ANNUALIZED			
		1-Mo	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr
Broad Market	MSCI World NR USD	12.79	5.55	11.19	14.52	9.51	10.87	10.19
	BBgBarc US Agg Bond TR USD	0.98	0.48	7.36	7.28	5.45	4.34	3.71
	Russell 3000 TR USD	12.17	5.75	15.68	19.02	13.20	13.95	14.04
	DJ Industrial Average TR USD	12.14	4.75	6.11	8.09	9.37	13.54	13.17
	NASDAQ Composite PR USD	11.80	3.59	35.96	40.77	21.07	19.01	17.18
	MSCI EAFE NR USD	15.50	8.01	3.03	6.37	3.26	6.19	5.85
	FTSE Treasury Bill 3 Mon USD	0.01	0.03	0.57	0.72	1.59	1.16	0.60
	Bloomberg Commodity TR USD	3.51	1.45	(7.71)	(3.06)	(3.15)	(0.57)	(6.00)
Domestic Equities	S&P 500 TR USD	10.95	3.89	14.02	17.46	13.17	13.99	14.19
	S&P MidCap 400 TR	14.28	12.97	6.70	9.70	6.26	10.00	11.51
	S&P SmallCap 600 TR USD	18.17	15.52	2.74	5.81	4.72	9.51	11.86
	Russell 1000 TR USD	11.78	5.09	16.06	19.41	13.66	14.23	14.27
	Russell 1000 Growth TR USD	10.24	1.48	32.40	36.40	21.47	19.56	17.31
	Russell 1000 Value TR USD	13.45	9.21	(1.00)	1.72	5.25	8.44	10.93
	Russell Mid Cap TR USD	13.82	12.32	11.86	14.43	10.26	11.75	12.65
	Russell Mid Cap Growth TR USD	13.43	11.98	29.38	30.90	18.84	17.01	15.20
	Russell Mid Cap Value TR USD	14.04	12.50	0.32	3.37	4.22	8.06	10.79
	Russell 2000 TR USD	18.43	16.87	10.41	13.59	7.09	10.25	11.13
	Russell 2000 Growth TR USD	17.63	15.99	23.12	25.95	12.83	13.19	13.30
	Russell 2000 Value TR USD	19.31	17.82	(3.05)	0.35	0.80	6.83	8.70
International Equities	MSCI ACWI Ex USA NR USD	13.45	8.28	4.98	9.52	3.82	7.38	5.16
	MSCI EAFE NR USD	15.50	8.01	3.03	6.37	3.26	6.19	5.85
	MSCI EAFE Growth NR USD	12.28	7.13	12.80	16.01	8.54	9.29	7.81
	MSCI EAFE Value NR USD	18.94	8.91	(6.76)	(3.35)	(2.16)	2.90	3.75
	MSCI Japan NR USD	12.49	11.78	9.95	12.24	4.88	7.85	6.85
	MSCI AC Asia Ex Japan NR USD	8.04	9.39	17.07	24.86	6.75	11.99	6.37
	MSCI Europe NR USD	17.01	6.74	0.64	4.58	2.49	5.25	5.68
	MSCI United Kingdom NR USD	16.78	5.36	(15.10)	(10.73)	(2.53)	0.70	3.20
	MSCI EAFE Small Cap NR USD	13.74	8.96	5.17	9.76	3.47	8.12	8.32
	MSCI EM NR USD	9.25	9.71	10.20	18.43	4.92	10.72	3.61
Fixed Income	BBgBarc US Govt/Credit TR USD	1.34	0.68	8.83	8.61	6.12	4.87	4.03
	BBgBarc US Govt/Credit Interm TR USD	0.50	0.26	6.22	6.35	4.64	3.53	2.96
	BBgBarc US Govt/Credit Long TR USD	3.52	1.74	16.35	15.03	10.56	9.22	7.95
	ICE BofA US High Yield TR USD	4.00	3.40	4.18	6.36	5.32	7.46	6.61
	Credit Suisse HY USD	3.73	3.35	3.49	5.68	4.94	7.19	6.46
	S&P/LSTA Leveraged Loan TR	2.23	3.08	1.76	3.38	3.69	4.73	4.31
	FTSE WGBI NonUS USD	2.26	2.09	8.34	9.23	3.89	5.01	1.97
	BBgBarc Gbl Agg Ex USD TR	2.38	2.26	7.76	8.94	3.58	4.70	2.08
REITs	FTSE Nareit All REITs TR	9.73	3.54	(8.39)	(7.68)	3.97	6.34	9.30
	Wilshire US REIT TR USD	10.35	4.00	(10.39)	(10.99)	2.31	4.08	8.47

USD - US dollar priced index TR - Total Return PR - Price Return LCL - Local Currency Priced Index NR - Return includes reinvested net dividends

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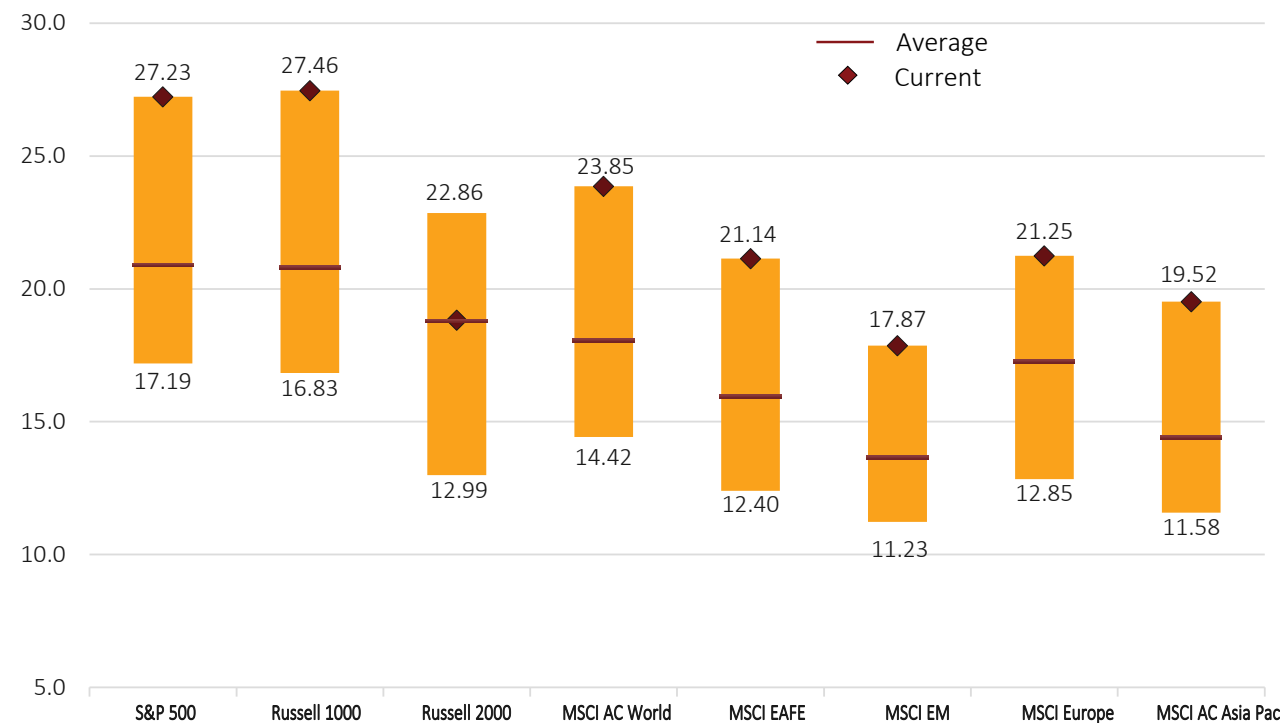
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S&P 500 Price Level



Source: Standard & Poors

Current P/E vs. Trailing 5-Year High, Low, Average

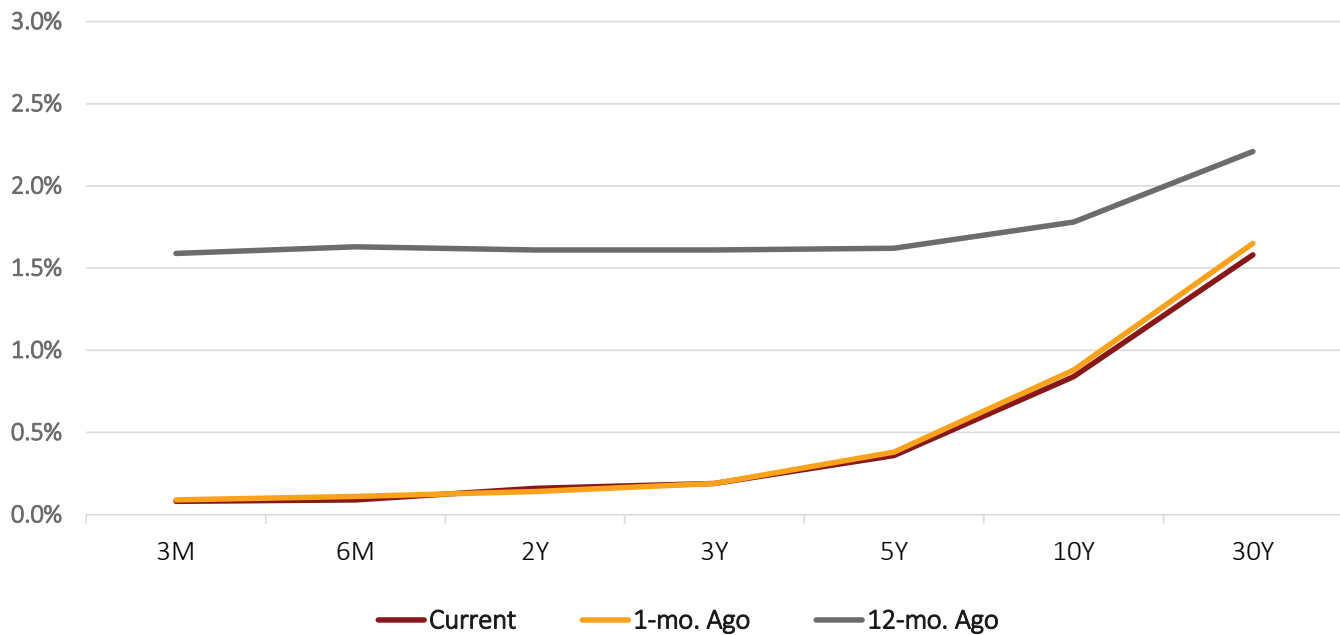


	S&P 500	Russell 1000	Russell 2000	MSCI AC World	MSCI EAFE	MSCI EM	MSCI Europe	MSCI AC Asia Pac
High Month	Nov-20	Nov-20	Nov-17	Nov-20	Nov-20	Nov-20	Nov-20	Nov-20
Low Month	Dec-18	Dec-18	Mar-20	Dec-18	Dec-18	Dec-18	Dec-18	Dec-18

Source: Standard & Poors, FTSE/Russell, MSCI

U.S. Treasury Yield Curves

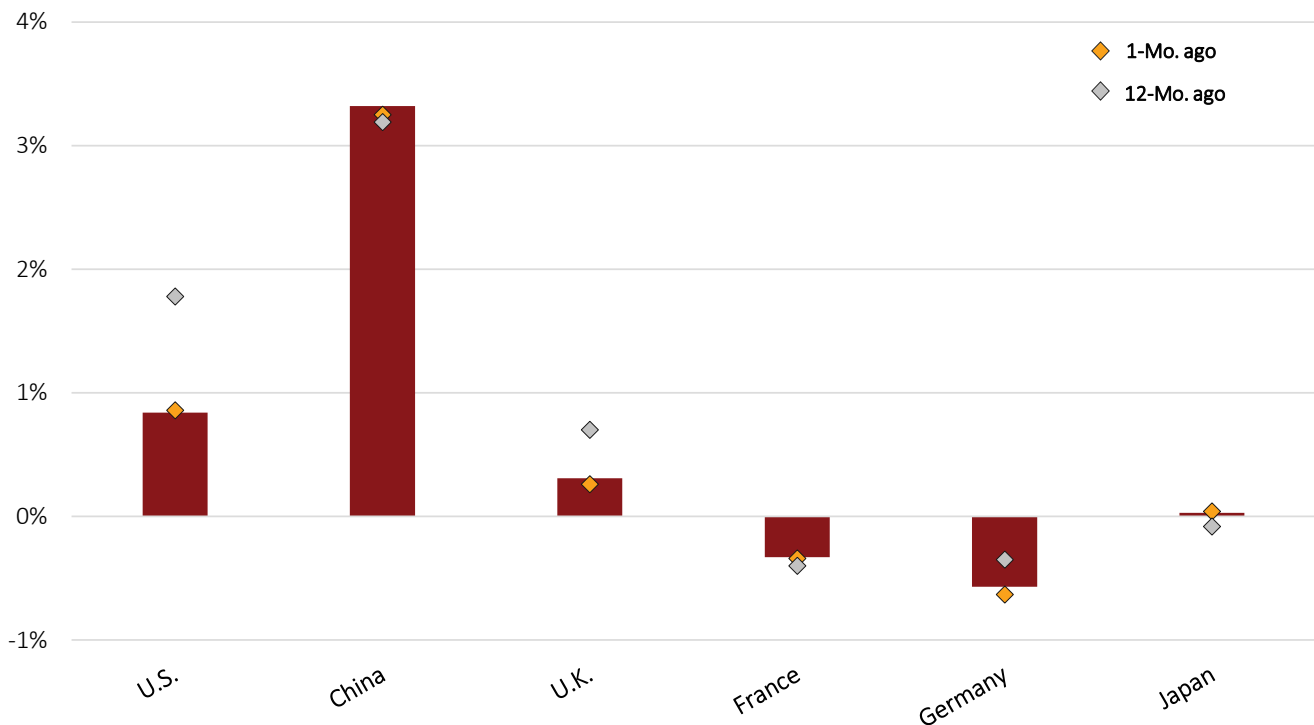
as of 11/30/2020



Source: Federal Reserve Bank of St. Louis, U.S. Department of the Treasury

10-Year Sovereign Yields

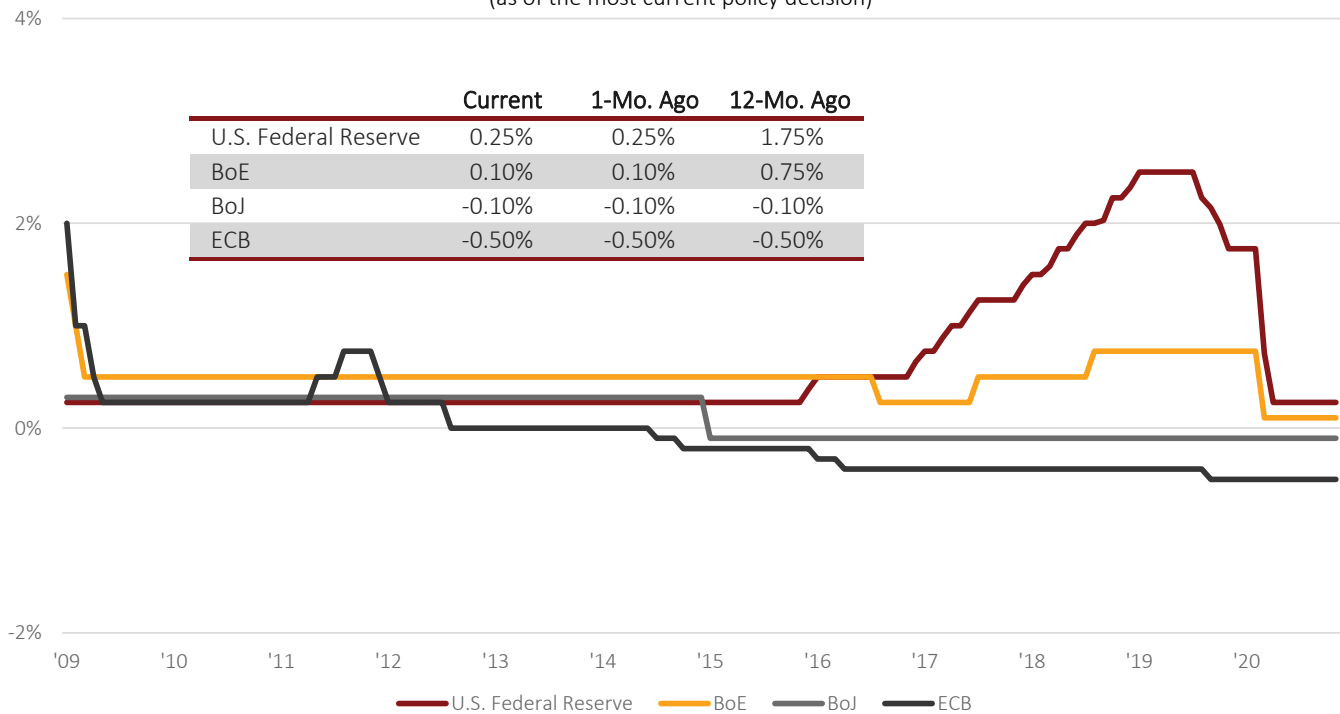
as of 11/30/2020 (most recently available)



Source: Federal Reserve Bank of St. Louis, Wall Street Journal, Trading Economics

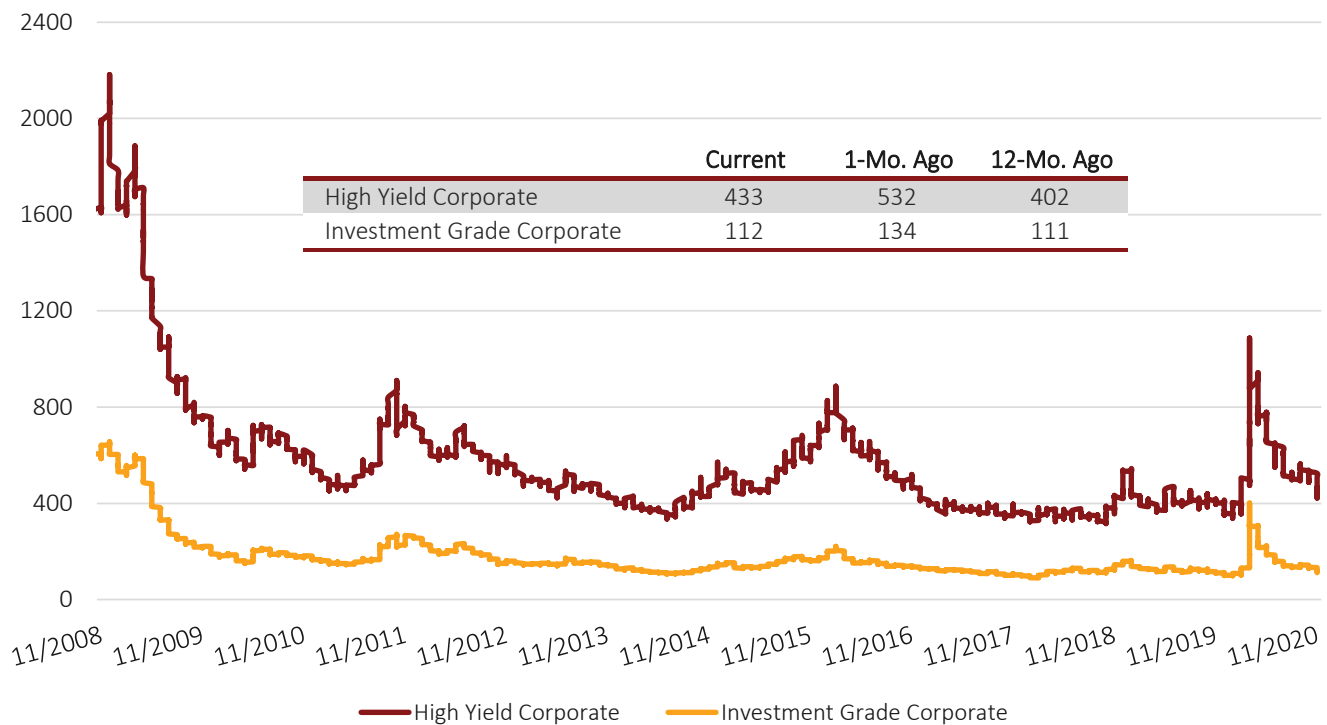
Central Bank Policy Rates

(as of the most current policy decision)



Source: Federal Reserve Bank, Bank of England, European Central Bank, Trade Economics

Corporate Bond Average Spread (bps)



Source: Bank of America