



Market Commentary November 30, 2020

Dear Investors:

Last week, vaccine optimism immunized investors against signs of economic weakness.

In previous commentaries we've written about narrative economics, which holds that popular stories may affect individual and collective economic behavior. Last week, diverse narratives had the potential to influence consumer and investor behavior, but not all did. You may have read that:

Coronavirus anxiety is high. "Figures from recent days suggest infections may have fallen off from record highs in some states. But no one is cheering in the emergency wards. Health workers fear that Thanksgiving gatherings will prove to be super-spreader moments... Meanwhile many college students have just gone home for the year... [A medical professional said], 'It is like slow-motion horror. We're just standing there and being run over,'" reported *The Economist*.

Unemployment claims moved higher. "The number of Americans filing first-time claims for jobless benefits increased further last week, suggesting an explosion in new COVID-19 infections and business restrictions were boosting layoffs and undermining the labor market recovery," reported Lucia Mutikani of *Reuters*.

Economic stimulus is needed. "As it stands, tens of millions are already struggling to make rent payments and put food on the table. The \$1,200 stimulus checks sent out by the government in the spring have long run dry and 12 million Americans are set to lose unemployment insurance the day after Christmas if Congress does not act," reported Jacqueline Alemany of *The Washington Post*.

Vaccines are on the way. "As G20 leaders pledged to ensure the equitable distribution of COVID-19 vaccines, drugs, and tests so that poorer countries are not left out, the United States, United Kingdom, and Germany each announced plans to begin vaccinations in their countries in December..." reported *The Guardian*.

Fiscal and monetary policy will reinvigorate the economy. "Surely the market strength reflects the fact that barring [vaccine] rollout disasters, we should have our normal lives back within months... Now add in the widely held assumption that the expected new Treasury secretary Janet Yellen will deliver the additional stimulus she has called for, and the newish Federal Reserve rhetoric that holds interest rates need to stay low... Suddenly it makes perfect sense to think that pent up demand and possible productivity gains created by the crisis could help set off what Goldman Sachs calls the Roaring 20s Redux," wrote Merryn Somerset Webb for *Financial Times*.

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The optimistic stories – the potential for vaccines to restore ‘normal’ and the possibility of new stimulus measures if Janet Yellen becomes Treasury Secretary – helped drive markets higher last week. Global stock markets rose and were positioned to deliver their best monthly performance ever, reported Camilla Hodgson of *Financial Times*.

In the United States, the Dow Jones Industrial Average moved above 30,000 before retreating, and the Standard & Poor’s 500 and Nasdaq Composite Indices both finished the week at record highs, reported Ben Levisohn of *Barron’s*.

Data as of 11/27/20	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	2.3%	12.6%	15.4%	11.8%	11.7%	11.9%
Dow Jones Global ex-U.S.	2.2	5.2	8.8	1.9	5.3	3.0
10-year Treasury Note (Yield Only)	0.9	NA	1.8	2.3	2.2	2.8
Gold (per ounce)	-5.1	16.8	22.3	11.2	11.0	2.6
Bloomberg Commodity Index	0.9	-7.5	-4.5	-4.9	-1.6	-6.5

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, MarketWatch, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

AND THEY'RE OFF!

Holiday shoppers may not have been racing into brick-and-mortar retail stores, but that doesn’t mean they weren’t shopping. Consumers have earmarked about \$998 for spending on winter holidays, which include Christmas, Hanukkah, and Kwanzaa, according to the *National Retail Federation*. They plan to spend:

- Slightly less on gifts for family, friends, and coworkers than they did last year
- Slightly more on food and decorations
- Significantly less on non-gift spending (buying that special something for yourself because the price is so attractive)

A lot of that money will be spent online. On Black Friday, U.S. consumers shelled out more than \$9 billion online, reported *TechCrunch*. It was the second biggest day for digital commerce in history. The first was Cyber Monday 2019.

Overall, online holiday sales are expected to break all previous growth records. A report from *Adobe* estimated 2020 digital sales will be up 20 to 47 percent, year-over-year. That’s a broad range because there is a lot of uncertainty about levels of disposable income and capacity limits for brick-and-mortar stores. The report stated:

“If flu season brings with it a spike in [coronavirus] cases and an increase in store restrictions, a reduced store capacity will drive more people online. E-commerce is still only around one out of every \$4 spent on retail. That’s a large bucket of dollars that could move online, leading to potential for big swings this season.”

Whether you are holiday shopping in person or online, or using a smartphone or computer, watching trends may help investors identify new investment opportunities.

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Weekly Focus – Think About It

“As we struggle with shopping lists and invitations, compounded by December’s bad weather, it is good to be reminded that there are people in our lives who are worth this aggravation, and people to whom we are worth the same.”

--Donald E. Westlake, *Crime fiction writer*

Best regards,

SYMPHONY FINANCIAL SERVICES, INC.

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.

* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

* The Dow Jones Industrial Average (DJIA), commonly known as “The Dow,” is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.

* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.

* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

* These views are those of Carson Coaching, and not the presenting Representative, the Representative's Broker/Dealer, or Registered Investment Advisor, and should not be construed as investment advice.

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* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

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* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.

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- * Consult your financial professional before making any investment decision.

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