

November 16, 2020

# Weekly Viewpoint

## Vaccine News Gives the Market a Shot in the Arm

### Performance for Week Ending 11.13.2020

The Dow Jones Industrial Average (Dow) finished up 4.08%, the Wilshire 5000 Total Market Index<sup>SM</sup> (Wilshire 5000<sup>SM</sup>) added 2.04%, the Standard & Poor's 500 Index (S&P 500) gained 2.16% and the Nasdaq Composite Index (NASDAQ) dipped 0.55%. Sector breadth was positive with 9 of the 11 S&P sector groups closing higher. The Energy sector (+16.46%) led the way higher followed by Financials (+8.28%) and Industrials (+5.28%).

Index*	Closing Price 11/13/2020	Percentage Change for Week Ending 11/13/2020	Year-to-Date Percentage Change Through 11/13/2020
Dow	29479.81	+4.08%	+3.30%
Wilshire 5000	36994.93	+2.04%	+12.49%
S&P 500	3585.15	+2.16%	+10.97%
Nasdaq	11829.29	-0.55%	+31.84%

### Market Observations: 11/9/20–11/13/20

Stocks finished the week mostly higher with the S&P 500 closing at a new all-time high. The primary driver of the broader market was the announcement early in the week that drug maker Pfizer and partner BioNTech had achieved a 90% efficacy rate for their Covid-19 vaccine. The Nasdaq Composite finished lower as the high-flying technology sector and the “work from home” beneficiaries fell on the vaccine news. Pfizer said it will have 50 million doses ready by the end of the year and as many as 1.3 billion doses produced next year if the drug is ultimately approved by regulators. In the interim, Pfizer said it would seek Emergency Use Authorization from the U.S. Food & Drug Administration in late November. In response to the vaccine announcement, Dr. Anthony Fauci said healthcare workers and high-risk groups could see vaccinations by the end of this year while lower-risk Americans could have access by April 2021.

**Market View:** Despite the ‘noise’ surrounding the election outcome and the recent uptick in Covid cases, we continue to maintain a favorable outlook for the markets. Through our lens, the economic recovery has solid momentum, earnings expectations are on the rise, and the Federal Reserve is expected to maintain its very accommodative monetary policy for the foreseeable future. In addition, it’s highly likely that a Covid vaccine will be available in the months ahead and policymakers will eventually roll out another fiscal stimulus package. While nothing moves in a straight line, we continue to believe the return profile over the next 12 – 24 months should remain asymmetrical, with an upward bias.

**The Week Ahead:** The focus during the coming week will return to economic and virus data as the nation awaits more official election results. Control of the Senate will not likely be known until at least Jan. 5, as the two Georgia races head for a runoff. With respect to this week’s economic data, the main event will be Tuesday’s retail sales release for October. Other reports of interest include; the New York Fed’s Empire Manufacturing Survey for November, October industrial production report, October Housing Starts and Building Permits, the November Philadelphia Fed Index, and October Existing Home Sales. Third quarter earnings season continues to wind down with only 12 members of the S&P 500 scheduled to release results during the week. The Fed speaking calendar will be busy with eleven events scheduled throughout the week.

## Definitions

**The Dow Jones Industrial Average** is a price-weighted average of 30 blue-chip stocks that are generally defined as the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

**Wilshire 5000 Total Market Index<sup>SM</sup>** represents the broadest index for the U.S. equity market, measuring the performance of all U.S. equity securities with readily available price data. The index is comprised of virtually every stock that: the firm’s headquarters are based in the U.S.; the stock is actively traded on a U.S. exchange; the stock has widely available pricing information (this disqualifies bulletin board or over-the-counter stocks). The index is market cap weighted, meaning that the firms with the highest market value account for a larger portion of the index.

**Standard and Poor’s 500 Index** is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

**The Nasdaq Composite Index** is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

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