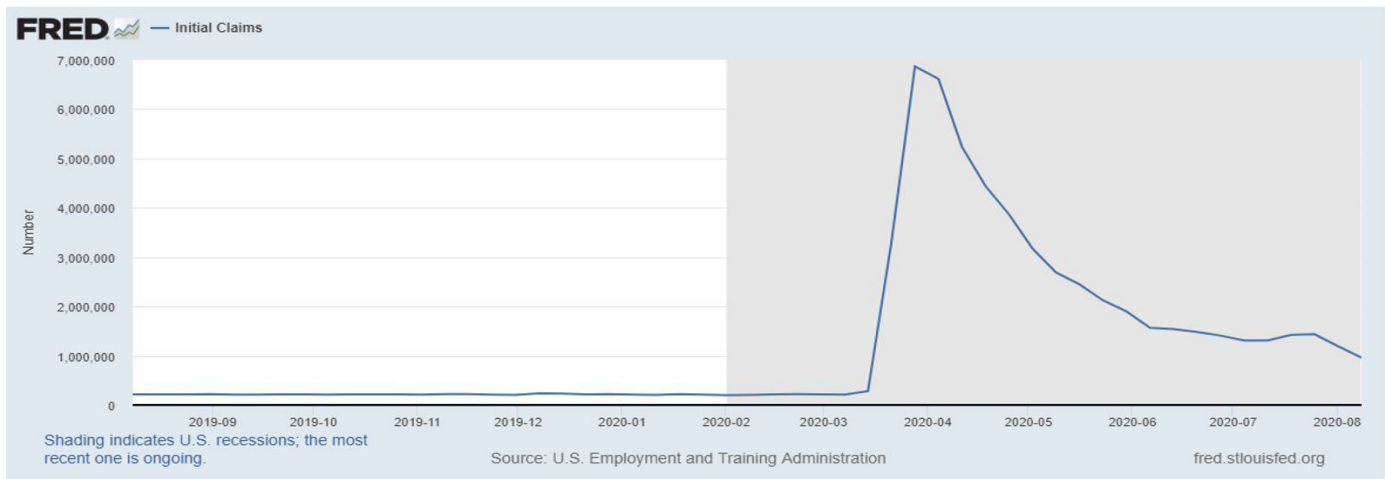


WEEK IN REVIEW

FRIDAY, AUGUST 14TH 2020

- **JOE BIDEN PICKED KAMALA HARRIS**, the California senator, as his Vice-Presidential running mate. Harris has been a front runner for the ticket, and markets appeared to have a muted reaction to the final decision. Also this week, Congress was unable to pass a second stimulus bill, while President Trump signed four executive orders intending to provide financial relief for Americans. However, the effectiveness of the executive orders is called into question given numerous implementation issues.
- **WEEKLY INITIAL JOBLESS CLAIMS FELL AGAIN** to 963,000, which was the first time under 1 million since the pandemic began. While under 1 million, the run rate before the pandemic was a little over 200,000 which means the economy is still under stress. Continuing claims also dropped to 15.5 million from over 16 million in the prior week with again the narrative being an improvement from a very low base.

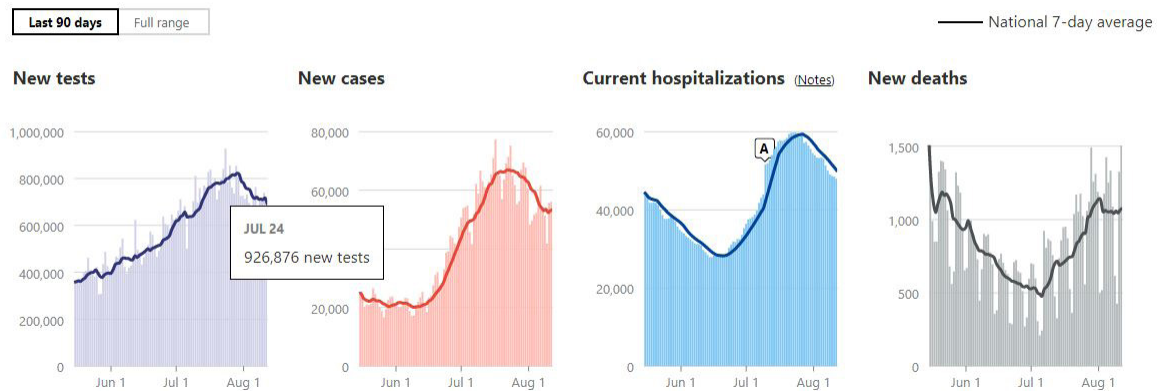


Source: fred.stlouisfed.org

- **THE WHITE HOUSE PRESSURED CHINA VIA THREATS TO TIKTOK AND WECHAT.** TikTok is under threat to have a forced sale to a non-Chinese entity. The White House is now threatening to disrupt transactions involving the WeChat app, which is owned by Tencent. The singling out of specific Chinese apps raises the risk for retaliatory action from the Chinese government onto American products in China. The ongoing trade war ebbs and flows with China, and corporate America is beginning to voice concerns on how this could affect American businesses.

- **SCHOOLS AROUND THE COUNTRY** are either opening or in the process of finalizing opening plans. Student health and education opportunities are at the forefront of many family's minds. Will schools be open? Will it be all remote learning? Or a hybrid approach? Uncertainty is high for how the fall will play out. Remote learning or a hybrid approach for students impacts working parents' productivity as childcare options are very limited. Overall pandemic numbers are beginning to ease from the second surge, and hospitalizations are also dropping. However, until the medical situation is fully under control, the drag on economic activity will continue.

National overview



Source: covidtracking.com/data

THINKING AHEAD

The announcement of the Biden-Harris ticket serves to remind markets that the election is rapidly approaching in the fall. Taxes are likely headed higher regardless of which party wins the White House. On the macroeconomic front, the job market continues to improve, albeit from a low base. The trade war is showing signs of heating up again. Covid-19 health concerns are impacting school openings and will continue to impact the economy until effective treatments and vaccines are made available. While multiple risks are evident for markets, earnings season was generally better than expected especially in the technology, healthcare, and consumer staples sectors. Pallas Capital Advisors continues to look at a balanced and conservative approach to asset allocation.

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