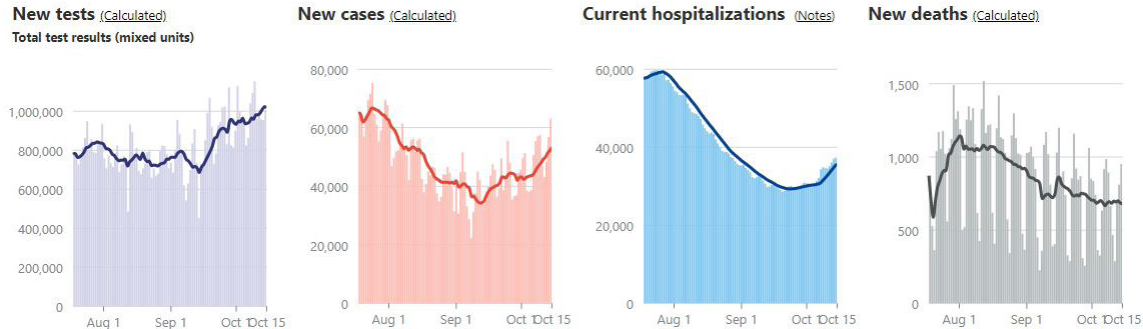


WEEK IN REVIEW

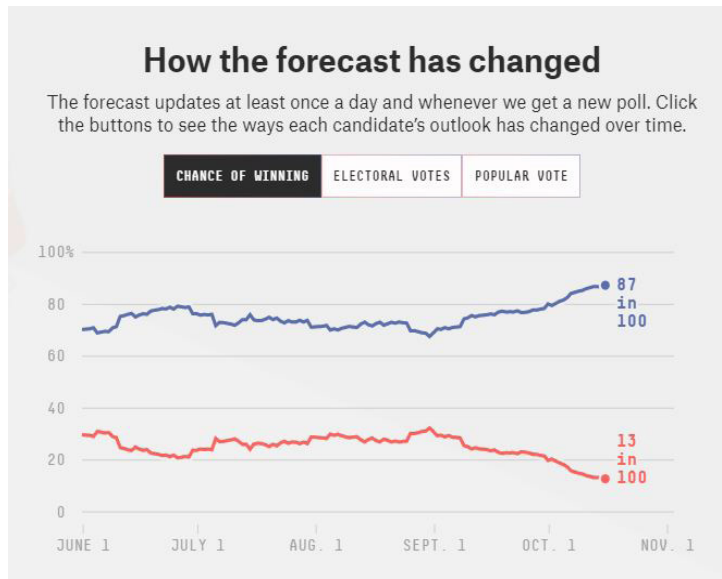
FRIDAY, OCTOBER 16TH 2020

- CORONAVIRUS CASES HAVE ACCELERATED IN THE UNITED STATES AND EUROPE.** Europe now accounts for about one-third of new cases reported worldwide. In the U.S., new cases have increased to about 50,000 a day. The NBA finished their season with minimal issues. However, as the football season has ramped up, schedules have had to be changed because of positive tests. President Trump has seemed to recover from his bout with the disease while Alabama football coach, Nick Saban, has reported a positive test. Progress continues to be made on treatments and vaccines. The timing of a vaccine rollout and the percentage of people that will take it is still uncertain.



Source: covidtracking.com/data

- ADDITIONAL FISCAL STIMULUS FROM WASHINGTON HAS NOT YET MATERIALIZED.** Multiple reports in recent days have flagged the heightened skepticism surrounding the prospects for a bipartisan agreement on a fifth coronavirus relief package before the election. Confusion reigns as the White House, the Senate, and the House all seem to have their own ideas as to the proper relief package. While the gap between the proposals from House Democrats (\$2.2 trillion) and White House (\$1.8 trillion) has narrowed to just ~\$400 billion, the Senate has talked about a maximum package of \$500 billion. In addition to the dollar amount of relief, issues remain on where to spend the money across unemployment aid, state finances, corporate liability protection, and others. Conventional wisdom would say that politicians would be incentivized to come up with a deal before the election to demonstrate action to the American people. However, this is not a typical election year.
- POLLS FOLLOWING THE U.S. PRESIDENTIAL DEBATE** and President's Trump coronavirus diagnosis continue to trend in Joe Biden's favor, as Biden holds a double digit lead in national polls. The state by state polls impacting the electoral college also indicate a Biden victory. Hillary Clinton held a lead in the polls in 2016 versus Donald Trump, yet she ended up losing the race. Trump's victory then came within the margin of error of the poll data. Differences in 2020 include the margin of Biden's lead. Biden is polling close to 400 bps better than Clinton at this stage. The Senate race will be closer as to which party will ultimately have control. The odds favor a narrow Democratic lead, but many races are too close to call at this point.



Source: projects.fivethirtyeight.com/2020-election-forecast/

- ECONOMIC ACTIVITY CONTINUES TO SEND MIXED MESSAGES.** Initial unemployment claims moved up to 898,000 in the latest week from 845,000 in the prior week. Continuing claims were lower again at 10.018 million from 11.183 million last week. Unemployment levels are concerning, reflecting a recessionary environment. Continuing claims falling is a positive sign, but other data reflects many people leaving the workforce which depresses economic activity. The Philadelphia Fed manufacturing index rose to 32.3 from the prior level of 15 reflecting an improvement in manufacturing from a very low level.

THINKING AHEAD

The coronavirus is beginning another surge around the world with prominent figures being infected. Despite the economic impact from closures related to the virus, the federal government cannot come to an agreement on further fiscal stimulus. The election is less than three weeks away, and Joe Biden holds a sizeable lead in swing states. The economic impact is still severe in some industries like travel and restaurants, while technology and online business continue to thrive. Reporting of corporate third quarter earnings is beginning which will give further data points on the pandemic's impact on corporations and markets.

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