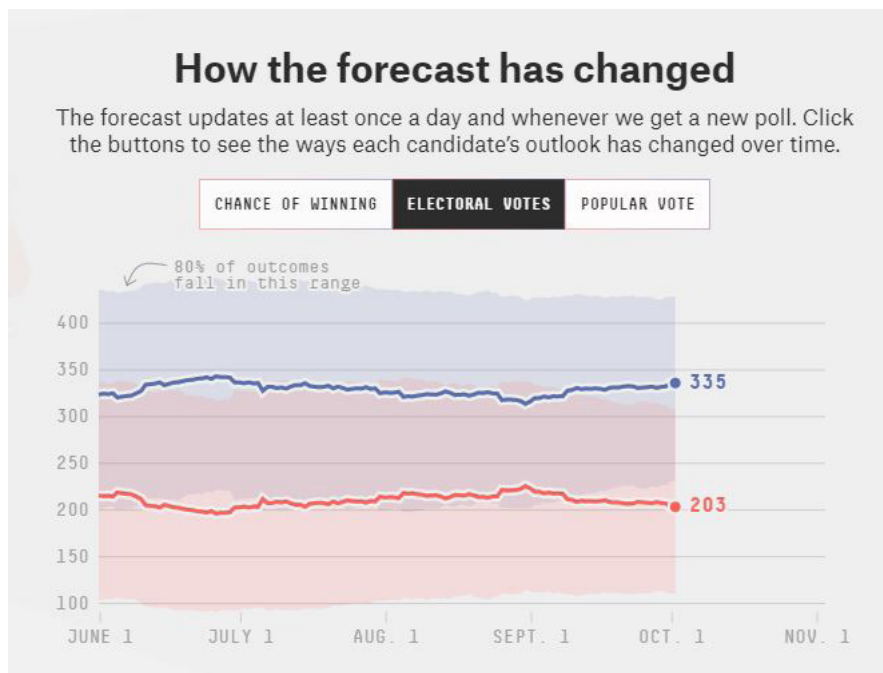


## WEEK IN REVIEW

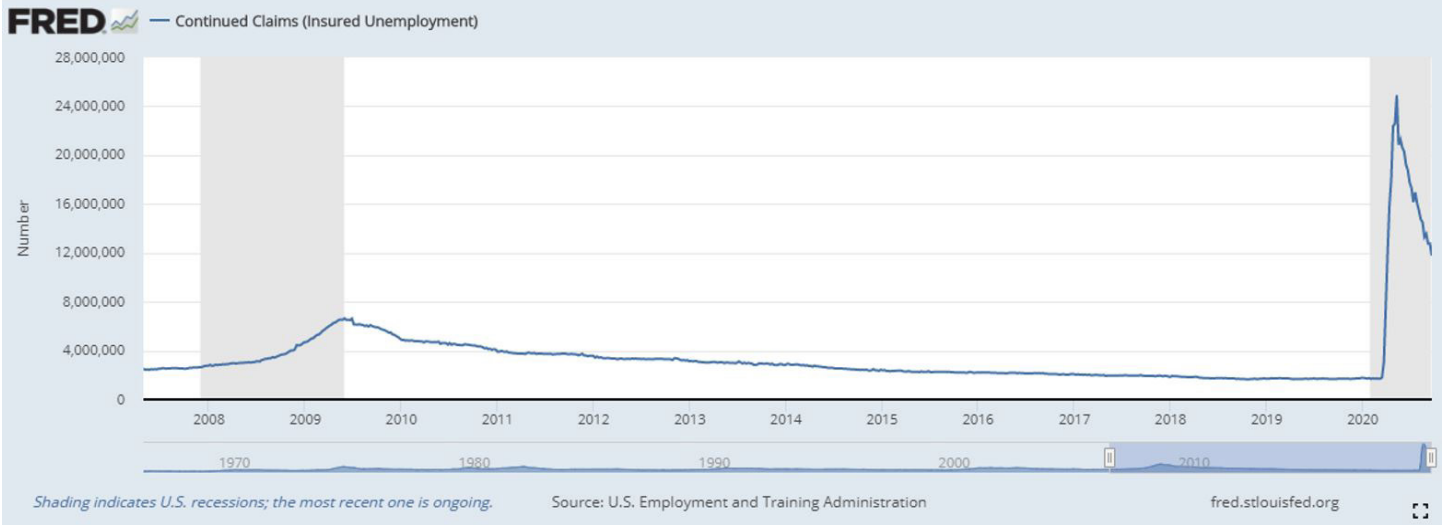
FRIDAY, OCTOBER 2ND 2020

- **THE U.S. PRESIDENTIAL DEBATE** that occurred this past Tuesday puts the election into focus. A raucous debate likely did not change many voters' minds. Poll numbers post-debate were not materially changed. Joe Biden still holds a 7-8 point lead in the national polls. The electoral college polling also points to a Biden victory. The chart below shows that Biden's likely electoral college votes have been drifting up since the beginning of September.



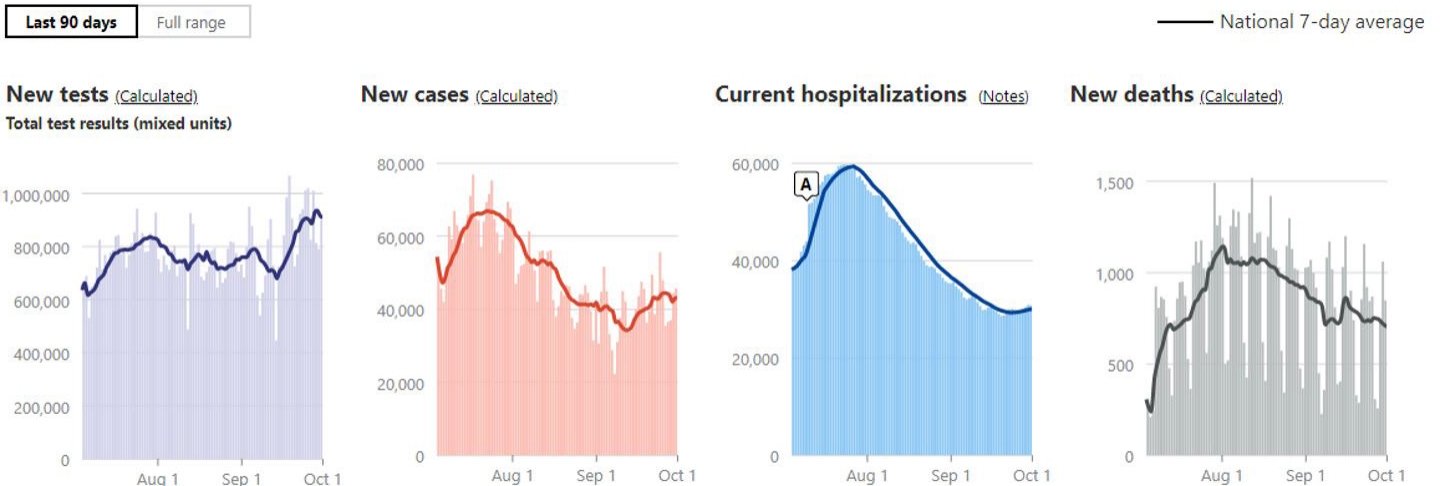
Source: [projects.fivethirtyeight.com/2020-election-forecast/](https://projects.fivethirtyeight.com/2020-election-forecast/)

- **STIMULUS BILL DISCUSSIONS** continued in Washington this week. House Speaker Nancy Pelosi met several times with Treasury Secretary Steve Mnuchin, the White House's chief negotiator, to try to hammer out a plan agreeable to both sides of the aisle. The House Democrats approved a scaled-back spending bill of \$2.2 trillion. The White House offer was still around \$1.6 trillion. The gap is narrowing, but no deal has been reached yet.
- **ECONOMIC ACTIVITY** continues to send mixed messages. The Commerce Department reported that consumer spending rose 1.0% in August exceeding forecasts of .8%. July's consumer spending had risen by 1.5%. However, personal income fell 2.7% which was worse than the expected decline of 2.4%. Initial jobless claims totaled 837,000 for the week, as job market improvement continues to slow. Continued claims dropped by another 1 million to 11.8 million. The economy continues to cope with some sectors (such as technology) performing very well while other sectors (travel) are stuck in a deep recession. As the fiscal stimulus fades, unemployment may drag further on consumer spending.



Source: fred.stlouisfed.org

- **PRESIDENT TRUMP AND THE FIRST LADY** have tested positive for Covid-19. The concern is high given that the President is in a higher risk group for implications from the disease. The positive test also comes after a busy travel schedule and debate with Joe Biden which raises the concern for a spread of infections.
- **CURRENT ACTIVE CORONAVIRUS CASES** have generally stabilized around 40,000 cases following school openings. Hospitalization improvement has also leveled off.



Source: covidtracking.com/data

## THINKING AHEAD

The U.S. Presidential election debate kicked off the week with a raucous session. Polls are little changed following the debate with Joe Biden continuing to hold a sizable lead. Stimulus talks carried on with no resolution in Washington. The economic data demonstrates mixed data points with positive spending offset by significant unemployment. Travel, leisure, and restaurant industries are still materially impacted by the economic shutdown. The coronavirus has now infected the President of the United States. The entire country has been stuck at 40,000 cases a day. Normal activity levels will be difficult to achieve until more progress is made on a vaccine. Pallas Capital Advisors maintains a balanced and conservative approach to asset allocation as the markets navigate the economy, election, and the current pandemic.

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