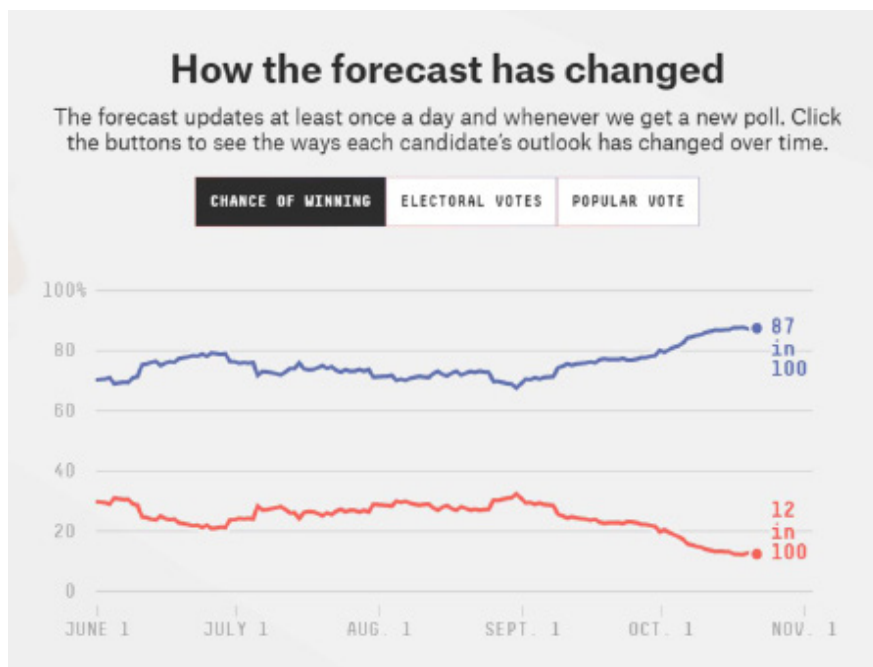


WEEK IN REVIEW

FRIDAY, OCTOBER 23RD 2020

- ACCORDING TO THE U.S. ELECTIONS PROJECT, 47.8 MILLION VOTES HAVE ALREADY BEEN CAST in the U.S. election as of 10/22/20. Mail ballots have totaled 33.4 million and in-person voting totaling 14.4 million. The final Presidential debate held Thursday evening was much more orderly than the first debate with the candidates having a more substantive discussion of issues facing the country. Polls over the last two weeks have been little changed with Joe Biden holding a sizeable lead. The odds of a Biden victory according to fivethirtyeight.com are 87%. When examining the details of the state by state polls, Biden continues to hold a bigger lead in swing states than Hillary Clinton did at this point of the race. Biden's lead is over 550 bps in key swing states such as Pennsylvania, Wisconsin, and Minnesota.



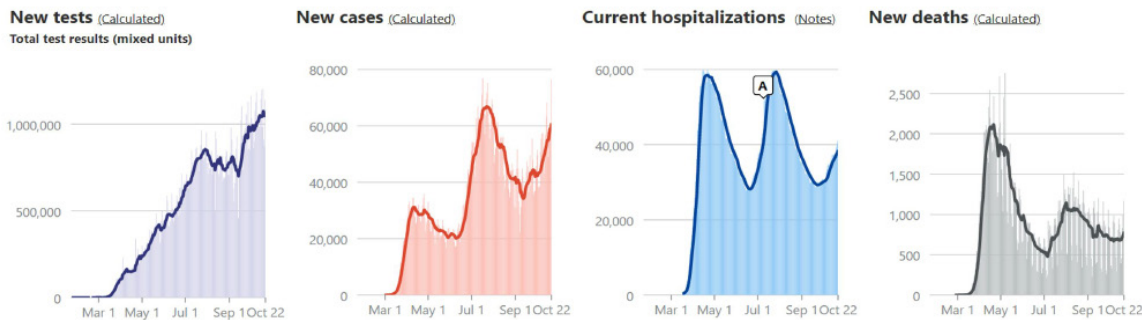
Source: projects.fivethirtyeight.com/2020-election-forecast/

- U.S. SEPTEMBER RETAIL SALES BEAT EXPECTATIONS. September sales were up 1.9% month to month and 5.4% year to year. Motor vehicles and food service were better than expected. Consumer spending on goods continues to be strong even though personal travel and entertainment budgets have been cut. In another sign of an improving economy, initial unemployment claims dropped to 787,000 from 842,000 the prior week. Continuing claims also dropped to 8.3 million from 9.4 million. Continuing claims peaked at 6.6 million during the great financial crisis. While current claims still exceed this level, they are trending down.



Source: fred.stlouisfed.org

- THE FDA APPROVED REMDESIVIR as the first official COVID-19 treatment. The antiviral drug was approved for use in adult and pediatric patients 12 years of age and older and weighing at least 40 kilograms (about 88 pounds) for the treatment of COVID-19 requiring hospitalization. In other positive news, Johnson & Johnson and Astra Zeneca may restart their vaccine trials this week according to Moncef Slaoui, the head of Operation Warp Speed. The FDA has final say as to when the trials can resume. On the negative side, daily active cases continue to climb around the country. Concern exists for the economy if more significant shutdowns are required.



Source: covidtracking.com/data

- WASHINGTON HEADLINES INCLUDE NO STIMULUS BILL and concerns over the power of large technology companies. Multiple reports (Bloomberg, Reuters) discussed how House Speaker Pelosi and Treasury Secretary Mnuchin have made progress on stimulus talks. Negotiations are expected to continue over the next couple of days in an effort to get a deal done before the election. The Senate remains a wild card, even if an agreement were to be made between Treasury and the House, the Senate has signaled a desire to spend less than the potential House and Treasury deal. In other Washington news, the Department of Justice has sued Google on antitrust grounds. This continues a theme of lawmaker rhetoric around too much power for large tech companies. Complicating the rhetoric is the concept that consumers are not harmed given the free nature of many of the products, including search engines, social media, and more.

THINKING AHEAD

With Election Day less than two weeks away, a large portion of the U.S. population has already voted. Time will tell if the final Presidential debate has any influence on the final result. Coronavirus cases are rising again while progress is being made on treatments and vaccines. Additional fiscal stimulus has not been passed, but some economic indicators continue to improve. Third quarter earnings season is beginning to ramp up which will give further insight to the health of companies and markets.

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