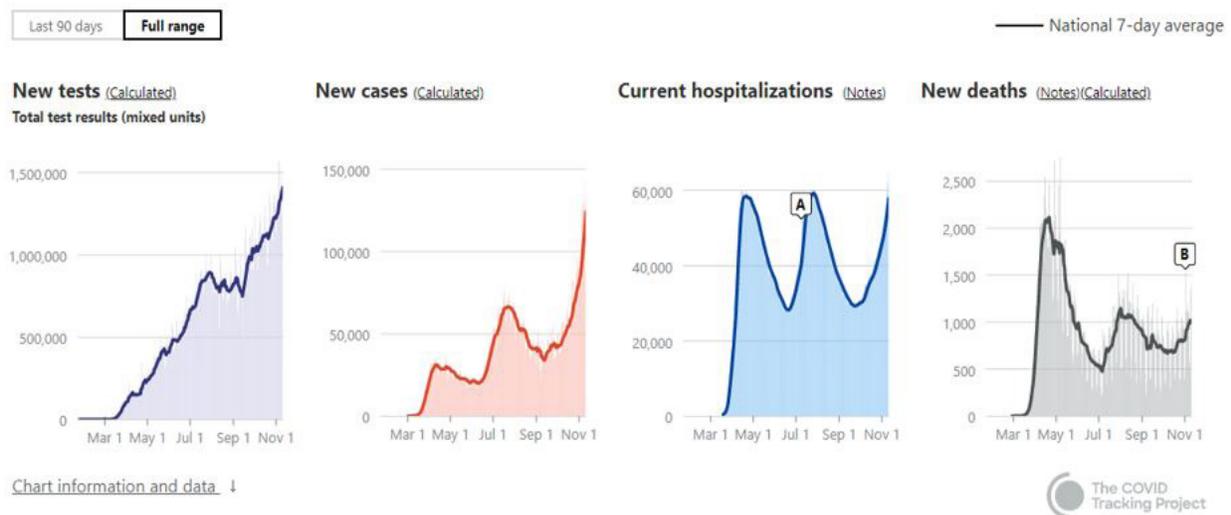


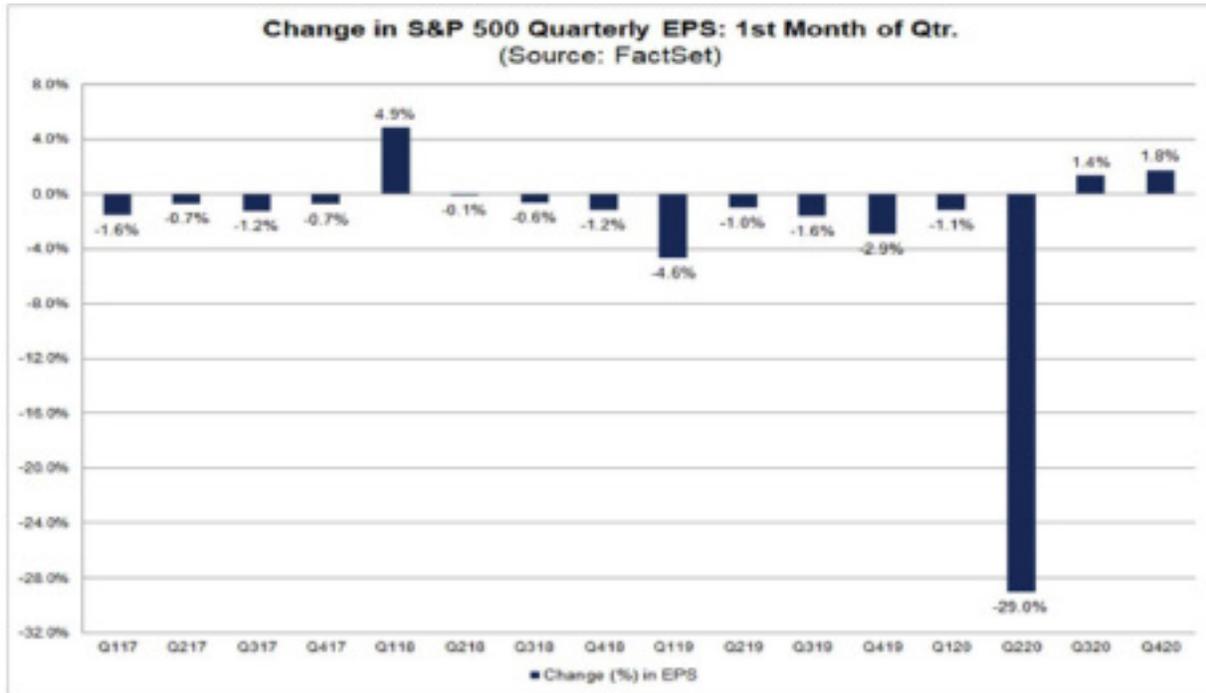
Week in Review

FRIDAY, NOVEMBER 13TH 2020

- NEW CORONAVIRUS CASES in the United States have spiked to over 140,000 a day. Hospitalizations are reaching prior peak levels putting stress on the nation's healthcare system. Many states have implemented new restrictions to limit the spread of the disease. Earlier in the week, Pfizer and BioNTech announced their vaccine candidate proved to be more than 90% effective in the first 94 subjects who were infected by the coronavirus and developed at least one symptom. The FDA established a 50% effectiveness threshold for approval, and as such, the 90% was much better than anticipated. Optimism on vaccines initially led to a recovery in markets in the industries most affected by the pandemic – such as travel, restaurants, and real estate. As the week progressed, these COVID affected sectors reversed their gains as cases spiked, as a full distribution of the vaccine is still many months away at best.

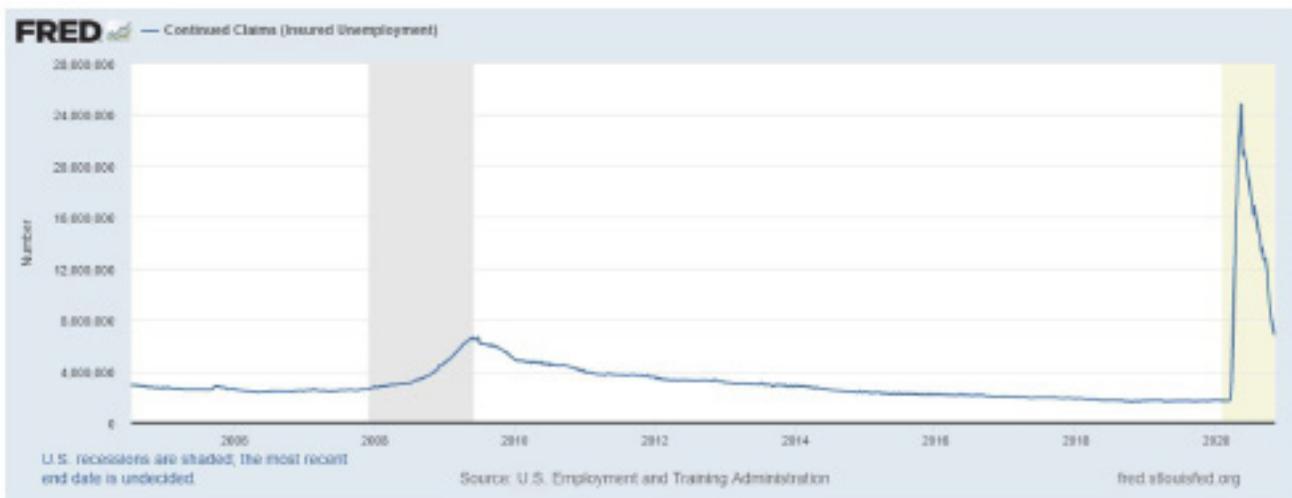


- VOTES CONTINUE TO BE COUNTED IN MANY STATES following last week's presidential election. Joe Biden has been declared the winner of the Presidential election by most media outlets. President Trump's lawsuits alleging various voting irregularities are very unlikely to switch enough votes to alter the Biden victory. Most of the Senate races have been called with Republicans holding 50 seats and Democrats 48. The final two seats will be determined in a January run-off election in Georgia.
- COMPANIES CONTINUE TO REPORT Q3 EARNINGS RESULTS. With 89% of the companies in the S&P 500 reporting actual results, Factset reported that 86% of S&P 500 companies have reported a positive EPS surprise, and 79% have reported a positive revenue surprise. If 86% is the final percentage, it will mark the highest percentage of S&P 500 companies reporting a positive EPS surprise since FactSet began tracking this metric in 2008. Earnings are still down YOY (year-over-year) due to the pandemic, but this positive surprise demonstrates that corporate earnings are on the mend.



Source: Factset

- THE UNEMPLOYMENT PICTURE TRENDS POSITIVELY, AND CPI IS MUTED. Initial jobless claims fell 42,000 week to week to 709,000, below 735K consensus. Continuing claims were down to 6.8 million from 7.3 million last week, which fell by the most in five weeks and lowest since the pandemic began in March. October headline CPI was down 0.2% month to month to 0.0%, missing estimates of 0.2%. Annualized headline CPI was down 0.1% to 1.6%, missing the 1.7% estimate. With inflation under control, the Fed will be able to keep interest rates lower for longer.



Source: fred.stlouisfed.org

Thinking Ahead

Coronavirus cases are surging around the country resulting in additional economic restrictions being put into place. Vaccine development continues as the market balances an economic recovery with rising cases and timing of vaccine distribution. Senatorial election results are still pending in Georgia as the country awaits a run-off election in January. Corporate earnings and macroeconomic data continue to point towards incremental improvement since the start of the pandemic. Pallas Capital Advisors will continue to monitor economic, political, and corporate data for implications to markets.

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