

## ECONOMIC & MARKET INSIGHTS

---

### An Executive Summary for November 2020

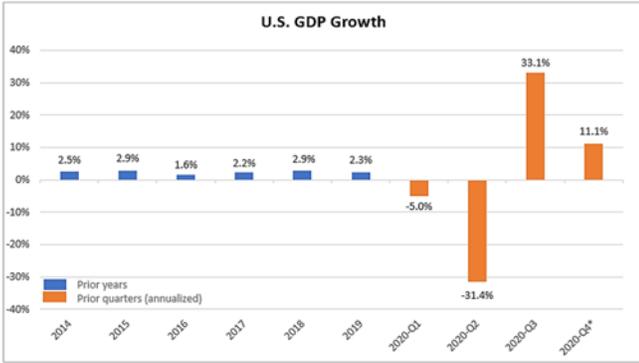
Markets entered November with enthusiasm following extensive volatility earlier in the year. Investors cheered as they gained clarity on two key uncertainties. First, there were a series of announcements surrounding the development and availability of multiple COVID-19 vaccines. The widespread availability of vaccines is likely still months away, but investors were pleased with early efficacy results and visibility into a potential end to this pandemic. Second, the uncertainty surrounding the U.S. Presidential election is behind us. Despite the shift in the executive branch, legislatures are expected to remain divided, likely paving the path for muted levels of change over the next four years. Overall, markets appeared calmed by the prospect of restrained changes to the tax code.

Indicators suggest that the economic recovery is progressing but there is still a long path ahead. Encouraging signs in the U.S. included improved manufacturing and service activity along with a one percent decline in the unemployment rate to just under seven percent. On the other hand, falling consumer sentiment and record levels of new COVID-19 infections painted a more mixed picture. In Europe, heightened restrictions in response to spiking coronavirus cases hampered the recovery, with service activity and Eurozone confidence taking the biggest hits. While there are some flare-ups in places like Japan, Asia's containment efforts of the pandemic are ahead of the rest of the world. China, the original epicenter of the pandemic, continues to be the furthest along in the recovery which is reflected in recent economic data.

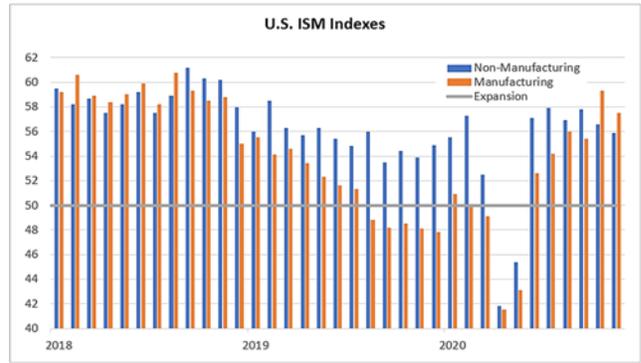
Fiscal and monetary support stayed on the table for much of the developed world. Although a divided legislature remains an impediment in the U.S., some form of fiscal stimulus is expected to get passed in the coming months that falls somewhere in between Democratic and Republican demands. Other major global central banks also appear poised to keep borrowing to fund economic support for businesses and individuals hardest hit by the pandemic. Monetary and fiscal support should help bridge the gap between the current spike in cases and future normalcy following wider dissemination of vaccines. That said, ballooning sovereign debt levels will be an obstacle to overcome in the future.

November was a great month for risk assets with both stocks and bonds realizing meaningful gains. Equity markets were a standout with several major indexes increasing double-digits and reaching record highs. November also marked an important turning point for the broadening out of market strength as the 'reopening' trade came into favor. This helped value stocks narrow the gap in yearly performance relative to growth stocks. In the U.S., small-cap stocks were another stand-out. Outside of the U.S., developed international stocks had impressive gains benefiting from similar optimism and further U.S. Dollar weakness. The bond market produced favorable results boosted by modestly lower yields and tighter spreads for credit-sensitive asset classes. In-line with equity markets, 'riskier' portions of the bond market – such as high yield – had the highest returns.

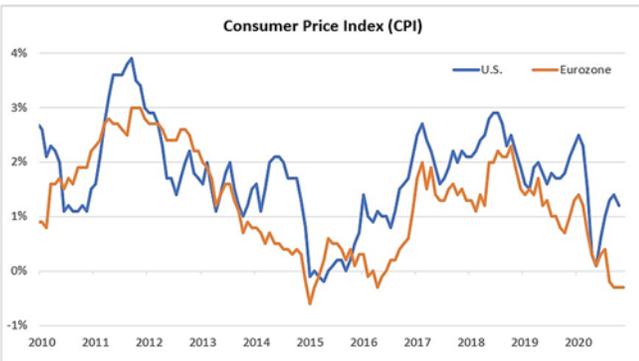
Although significant progress has been made on putting this pandemic behind us, many hurdles remain. Vaccine candidates have proven effective but have yet to receive formal approvals and a variety of logistical hurdles are in place before they can be widely disseminated. The economic recovery has also come a long way, but the world is well behind where it started 2020 at and governments have tacked on record levels of debt. All these reasons suggest that heightened market volatility could spill over into 2021. As a result, now more than ever it's important to remain focused on long-term goals.



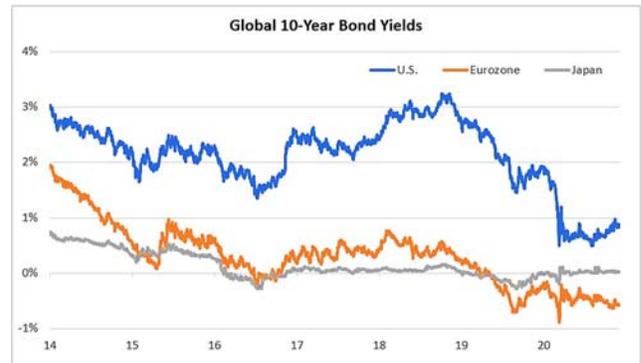
U.S. Department of Commerce; \*Atlanta Fed GDP Now estimate



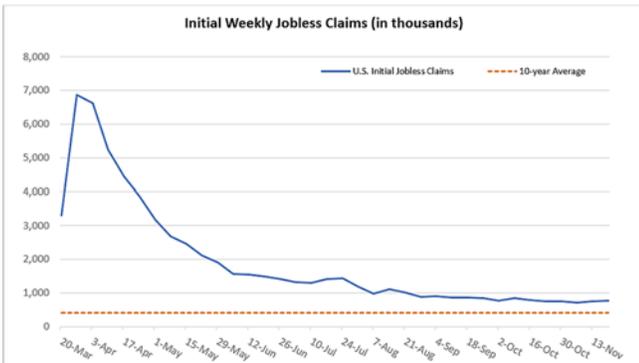
Institute for Supply Management



U.S. Bureau of Labor Statistics



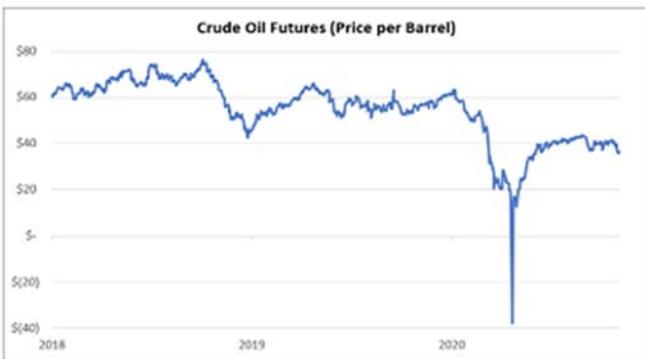
Bloomberg



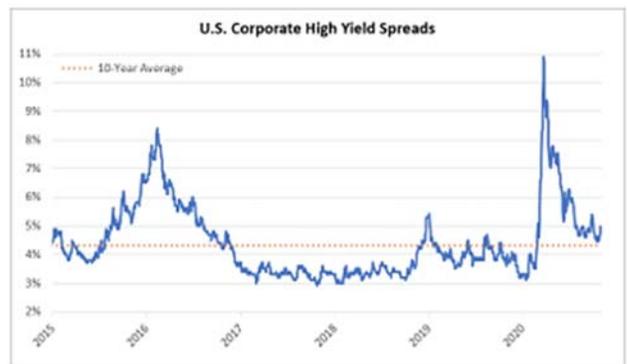
U.S. Department of Labor



Conference Board



Bloomberg



Bloomberg

Disclaimer: This commentary was composed by Summit Financial, LLC., an SEC Registered Investment Adviser ("Summit"), headquartered at 4 Campus Drive, Parsippany, NJ 07054, Tel. 973-285-3600. It is provided for your information and guidance and is not intended as specific advice and does not constitute an offer to sell securities. Summit is an investment adviser and offers asset management and financial planning services. Indices are unmanaged and cannot be invested into directly. Data in this newsletter is obtained from sources which we, and our suppliers believe to be reliable, but we do not warrant or guarantee the timeliness or accuracy of this information. Consult your financial professional before making any investment decision. Past performance is no guarantee of future results. Diversification/asset allocation does not ensure a profit or guarantee against a loss.

Steven W. Lieberman is the President and CEO of The Private Client Group Wealth Management, LLC. Investment advisory and financial planning services are offered through Summit Financial, LLC, an SEC Registered Investment Adviser ("Summit"). 4 Campus Drive, Parsippany, NJ 07054. Tel. 973-285-3670. Securities brokerage offered through Purshe Kaplan Sterling Investments, Member FINRA/SIPC. Headquartered at 80 State Street, Albany, NY 12207 ("PKS"). PKS and Summit are not affiliated companies. 12042020-1290