Weekly Update
U.S. Stocks Rise Despite Election Uncertainty
November 6, 2020

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The Economy

- U.S. stocks posted their strongest weekly rally since mid-April during the week ending November 6, even as vote-counting to determine the winner of the U.S. presidential election dragged on and the rate of new COVID-19 infections grew.
- The U.S. economy added 638,000 jobs in October as the labor market continued to heal from the COVID-19 downturn. Initial jobless claims decreased by 7,000 to 751,000 during the week ending October 31. New applications for unemployment benefits remained historically high despite a sharp decline in May from March's 7-million new-claim peak.
- Federal Reserve (Fed) Chair Jerome Powell cited rising COVID-19 infections and depletion of household savings as risks to continued U.S. economic recovery following the Fed's November meeting this week. Powell said that the central bank remained comfortable with its current stimulus measures, but noted that bond-buying could be ramped up if necessary.
- U.S. manufacturing activity accelerated to a two-year high in October. Markit's manufacturing purchasing managers' index (PMI) increased from 53.1 to 53.4; a similar report from The Institute for Supply Management (ISM) showed that manufacturing activity jumped from 55.4 to 59.3 over the same period (readings greater than 50 indicate expansion).
- The U.S. Census Bureau reported a 1.1% gain in new factory orders for September, suggesting continued progress for manufacturers despite a resurgence in the COVID-19 infection rate.
- U.S. services activity moderated slightly in October but largely maintained its footing as businesses remained open and continued rehiring workers. The ISM's non-manufacturing index slipped from 57.8 in September to 56.6 in October.
- Construction spending advanced by 0.3% in September, marking the reading's fourth consecutive monthly gain. Residential expenditures advanced by 2.7% during the period, while spending on nonresidential construction retreated by 1.5%. Healthy demand for new houses is expected to support residential construction.
- Motor-vehicle sales expanded by 16.2 million in October. Retail car buyers continued to enter the market as access to lower-interest loans fueled demand for new cars.
- Mortgage-purchase applications slid by 1.0% for the week ending October 30, while refinancing applications grew by 6.0%. The average interest rate on a 30-year fixed-rate mortgage inched lower from 2.81% to 2.78%.
- The Bank of England (BoE) announced it would make another £150 billion in U.K. government bond purchases to stimulate the economy in response to a second lockdown due to COVID-19. Meanwhile, the BoE voted to hold its benchmark interest rate steady at 0.1%.

Stocks

- Global equity markets closed higher for the week. Developed markets led emerging markets.
- U.S. equities were deep in positive territory following a big election-week rally. Information technology and healthcare were the top performers, while energy and utilities lagged. Growth stocks led value, and large caps beat small caps.

Bonds

- The 10-year Treasury bond yield moved lower to 0.82%. Global bond markets were positive this week. High-yield bonds led, followed by global corporate bonds and global government bonds.

The Numbers as of November 6, 2020	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	7.3%	4.6%	8.8%	591.4
MSCI EAFE ($)	7.6%	-5.9%	-3.3%	1916.2
MSCI Emerging Mkts ($)	5.7%	4.6%	8.6%	1166.2
U.S. & Canadian Equities				
Dow Jones Industrials ($)	6.9%	-0.8%	2.3%	28323.4
S&P 500 ($)	7.3%	8.6%	13.8%	3509.4
NASDAQ ($)	9.0%	32.6%	41.0%	11895.2
S&P/ TSX Composite (C$)	4.5%	-4.6%	-3.1%	16282.8
U.K. & European Equities				
FTSE All-Share (£)	5.6%	-20.7%	-18.4%	3326.7
MSCI Europe ex UK (€)	7.5%	-8.0%	-6.7%	1324.1
Asian Equities				
Topix (¥)	5.0%	-3.7%	-2.3%	1658.5
Hong Kong Hang Seng ($)	6.7%	-8.8%	-7.7%	25713.0
MSCI Asia Pac. Ex-Japan ($)	5.4%	8.8%	11.9%	601.5
Latin American Equities				
MSCI EMF Latin America ($)	9.7%	-32.1%	-29.1%	1982.1
Mexican Bolsa (peso)	3.9%	-11.7%	-12.9%	38428.4
Brazilian Bovespa (real)	7.4%	-12.7%	-7.9%	100905.1
Commodities ($)				
West Texas Intermediate Spot	3.8%	-39.2%	-35.0%	37.1
Gold Spot Price	3.8%	28.2%	33.3%	1951.7
Global Bond Indexes ($)				
Barclays Global Aggregate ($)	1.2%	7.1%	8.3%	548.2
JPMorgan Emerging Mkt Bond	2.5%	2.7%	4.9%	905.8
10-Year Yield Change (basis points*)				
US Treasury	-6	-110	-110	0.82%
UK Gilt	1	-54	-52	0.27%
German Bund	1	-43	-39	-0.62%
Japan Govt Bond	-2	3	9	0.02%
Canada Govt Bond	-2	-106	-97	0.65%
Currency Returns**				
US$ per euro	2.0%	6.0%	7.5%	1.188
Yen per US$	-1.3%	-4.9%	-5.5%	103.29
US$ per £	1.6%	-0.8%	2.7%	1.316
C$ per US$	-2.0%	0.5%	-0.9%	1.306

Source: Bloomberg. Equity-index returns are price only, others are total return. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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