

OBSERVATIONS

- COVID-19: Gilead Sciences receives FDA approval for Remdesivir (antiviral treatment used in treatment of COVID-19) – marking the first and only fully approved drug in the U.S. to be approved in treating the virus.
- ConocoPhillips (COP) announced it would buy Concho Resources (\$9.7 billion all stock deal). The combination marks the largest shale industry deal since oil demand collapsed earlier in the year and makes COP the 3rd largest shale producer behind EOG Resources and Occidental Petroleum.¹
- Daily travelers passing through TSA checkpoints eclipsed 1 million for the first time since mid-March. The data point is a good indicator of relative improvements, however, remains well below 2019's daily average between 2-3 million daily travelers passing through.²
- Median homes prices surged to over \$320k, a +15% gain from this time last year. This marks a new all-time high for house prices.³
 - The inventory for existing homes has fallen 19.2% YoY to 1.47 million homes - the lowest level since 1982, when records began.⁴
- Copper reaches a 2-year high with supply disruption in Chile and as Chinese economic growth bolster the industrial metal.¹
- The Chicago Mercantile Exchange and the Nasdaq jointly launch water futures. The Nasdaq Veles California Water Index futures are expected to begin trading this quarter and will be financially settled (i.e. no physical water changes hands).⁵
- According to recent McKinsey European survey, 55% of surveyed small and medium sized businesses expect to close by this time next year if revenues remain at current levels.⁶
- The S&P 500 declined -.51% last week snapping a 3-week winning streak and the 10-yr U.S. treasury yield reached a 4-month high of .85% on 22-Oct.¹

EXPECTATIONS

- Early voting on record pace - 58.7 million votes have been cast thus far (representing nearly **42.6%** of 2016 election turnout). Of those cast, 39.8 million have been mail ballots, while 18.9 million were in-person votes.⁷
 - Of states that report early voting registration data: Democrats represent 49.2%, Republicans 27.8%, and no party affiliation 22.4% of early votes cast.⁸
- As of 23-Oct, 27% of S&P 500 companies have reported earnings with 84% beating expectations - they have beat earnings estimates by +17.2%. For this week, 183 S&P 500 companies will report earnings.⁸

ONE MORE THOUGHT

Friday 23-Oct marked the 7-month anniversary of the lows reached during the worst of the pandemic sell-off in markets. Reflecting back on some of the differences between now and then (*market returns from 23-Mar to 23-Oct*).

- U.S. Large Cap: Russell 1000 +59.72%, Russell 1000 Growth +70.42%, Russell 1000 Value +47.48%¹
- U.S. Small Cap: Russell 2000 +64.93%, Russell 2000 Growth +71.85%, Russell 2000 Value +56.29%¹
- International Equity: Developed (MSCI EAFE) +41.35%, Emerging (MSCI EM) +52.32%¹
- Other: Real Estate (FTSE NAREIT) +42.87%, Gold +22.59%, Oil +73.97%¹
- Bonds: Bloomberg Barclays Aggregate +5.27%, Bloomberg Barclays High Yield +27.41%¹

¹ Bloomberg LP

² TSA, <https://www.tsa.gov/coronavirus/passenger-throughput>

³ <https://www.redfin.com/news/us-housing-market-strong-prices-up-15-percent/>

⁴ CNBC

⁵ <https://www.ft.com/content/016174d0-54ed-4806-9538-acbdf073df61>

⁶ Macro Strategy News, McKinsey survey conducted over 2,200 firms in 5 countries (France, Italy, Spain, Britain, and Germany)

⁷ <https://electproject.github.io/Early-Vote-2020G/index.html>, as of 25-Oct

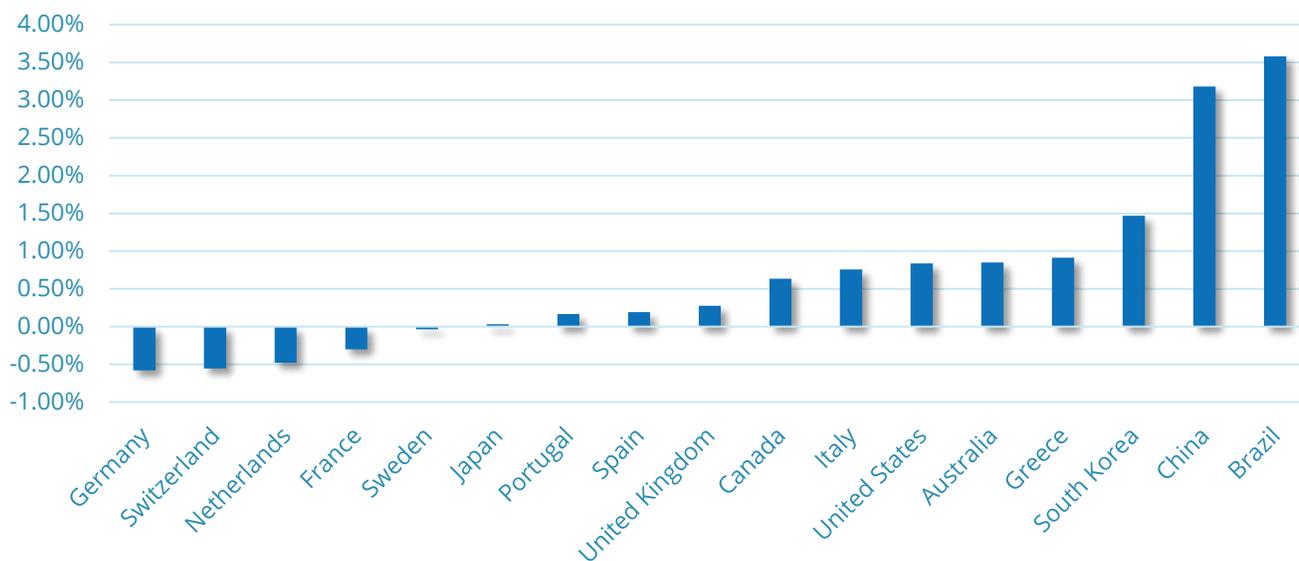
⁸ Factset

- 10-year U.S. Treasury yield from .79% to .85%¹
- First time filers of unemployment benefits: from 6.87 million Americans to 787k¹
- Home sales prices from \$275k to \$320k⁹
- Federal Reserve Balance sheet from \$4.3 trillion to \$7.2 trillion¹
- Federal budget deficit (as a % of nominal GDP) from 4.81% to 16.05%¹

While just a sampling of data points, they serve as a reminder of the extraordinary circumstances surrounding the economy and financial markets in 2020.

CHART OF THE WEEK

10-Yr Government Bond Yields



Source: Clearstead, Bloomberg LP, as of 23-Oct

The developed western economies have seen yields on their government debt fall with many Euro area countries seeing negative interest rates. As of 19-Oct, the global stockpile of negative yielding government debt stood at an estimated \$16.83 trillion – approaching the peak of \$17.04 trillion reached in mid-2019.¹⁰ Prior to 2015, negative yielding debt was all but nonexistent.

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⁹ <https://www.redfin.com/news/us-housing-market-strong-prices-up-15-percent/>

¹⁰ Bloomberg LP-Bloomberg Barclays Global Aggregate Negative Yielding Debt Market Value USD