

OBSERVATIONS

- COVID-19: AstraZeneca & the University of Oxford's vaccine candidate's results showed an efficacy rate of 70%, on average. Depending on dosage, effectiveness ranged from 62% to 90%.¹
- Unleaded gasoline reaches a national average of \$2.11 a gallon – the lowest for a Thanksgiving week since 2015. AAA estimates that travel by automobile will account for 95% of Thanksgiving holiday travel.²
- CoStar Group estimates that retailers are in a \$52 billion hole of missed rent payments. Examples include Signet Jewelers which had deferred \$78 million in rent payments while Bed, Bath, and Beyond has held back nearly \$51 million in rents.²
- According to Adobe Analytics, Thanksgiving Day retail spending hit a new record of nearly \$5bn, a +21.5% from last year. Almost 50% of transactions originated from a smart phone.
- Business activity in the U.S. continued its upward trajectory in November, reaching the fastest pace since March 2015 according to IHS Markit Purchasing Managers Index data. The Eurozone has seen a deceleration in activity, to 5-month lows, as widespread lockdowns have been more broadly enacted.²
- For the first time, Tesla's market capitalization exceeded \$500bn and is set to be included into the S&P 500 on 21-Dec. If included as of 24-Nov, Tesla would be the 8th largest company by this measure – beating out the likes of Visa (\$459.8bn), Walmart (\$427.7bn), Johnson & Johnson (\$378.7bn), and J.P. Morgan (\$359.3bn).³
- The global airline industry is expected to lose -\$157bn during 2020 and 2021, marking the worst 2-years on record and down -60% from June's forecasts. The worst 2-year record prior to this year was during the Great Recession of 2008-2009.⁴
- Mortgage rates hit a fresh all-time low, with 30-yr conforming fixed rate mortgages down to 2.92% while new home mortgage applications last week stood 19% higher from this time last year.⁵

EXPECTATIONS

- Minutes from the Federal Reserve's meeting earlier this month recognized that future adjustments to its bond buying program may be needed. The Fed is currently buying roughly \$120bn of treasuries and mortgage-backed securities per month. "While participants judged that immediate adjustments to the pace and composition of asset purchases were not necessary, they recognized that circumstances could shift to warrant such adjustments." The Fed will meet for the last time this year in mid-December – changes to guidance may come then, particularly given the impasse related to stimulus and the surge in virus cases.⁶

ONE MORE THOUGHT

In a year of firsts for the economy and markets (e.g. record unemployment, record drop in GDP, fastest bear market, a record recovery, records in housing, today's chart of the week has yet another....to name a few) - we approach the holiday season with more firsts, this time from Washington. All eyes continue to be on stimulus and lack of progression there, however, recent news bears highlighting. As key states sign Certificates of Ascertainment, last week we began to see President-elect Biden's cabinet take shape. The cabinet includes the Vice President along

¹ WSJ

² Bloomberg LP

³ Bloomberg LP, data as of 24-Nov

⁴ International Air Transport Association, 24-Nov

⁵ http://www.mortgagenewsdaily.com/11252020_applications_forbearance.asp

⁶ <https://www.federalreserve.gov/monetarypolicy/files/fomcminutes20201105.pdf>

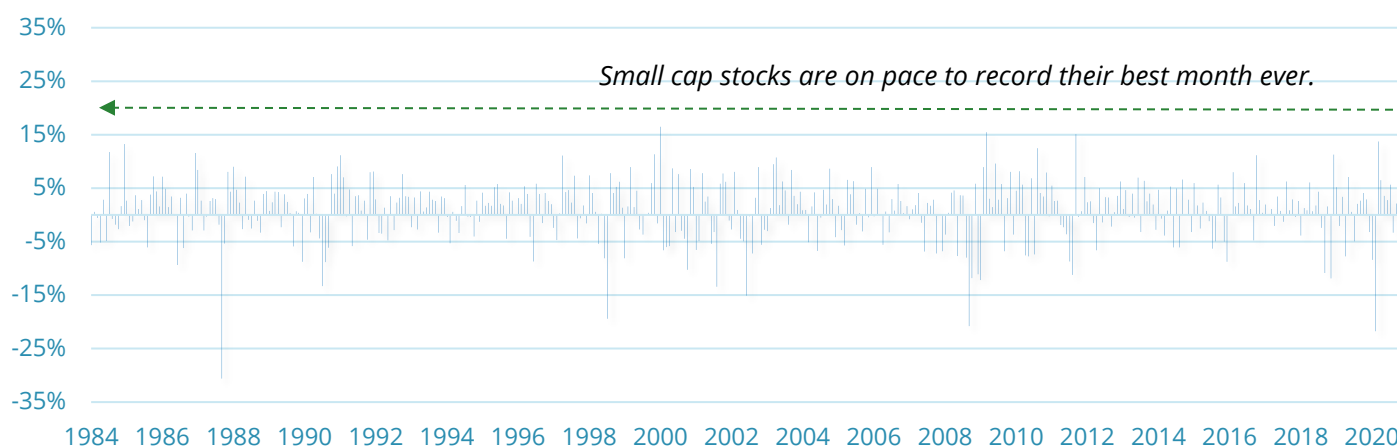
with the heads of 15 executive departments. Among those nominated (or likely nominated) thus far, a series of firsts are noted:

- Former Fed Chair Janet Yellen is likely to be nominated to replace Steven Mnuchin as the 78th U.S. Secretary of the Treasury (Alexander Hamilton served as the first in 1789). If confirmed, Yellen would become the first woman and the 2nd former Fed chair - next to G. William Miller - to hold the role.^{1,2}
- Alejandro Mayorkas nominated to lead the Department of Homeland Security (DHS). Mayorkas, Cuban-born, would become the first Latino to head the DHS.
- Avril Haines becomes the first woman nominated to lead the country's intelligence community as Director of National Intelligence.

We hope that you had a safe and enjoyable Thanksgiving holiday.

CHART OF THE WEEK

Record Small Cap Performance



Source: Clearstead, Bloomberg LP, Small Cap = Russell 2000 total returns, data as of 27-Nov, Russell 2000 inception date Jan-1984. Past performance is not indicative of future results.

Small Cap (Russell 2000) stocks have gained +20.7% this month through 27-Nov and are poised to set a new record for monthly gains. The best month prior to this one, was in February 2000, when the Russell 2000 gained +16.51%.

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