

## THE WEEK IN REVIEW

Wednesday marked the end of the third quarter, which saw the S&P 500 rise 8.93% despite a decline of 3.80% in September. Following a 20.54% rise in the second quarter, the S&P 500's third quarter advance brought its six-month return to an impressive 31.31%. Shifting focus to this week, stock market volatility increased in recent days as investors contended with lingering uncertainty about the prospects for another round of fiscal stimulus, employment data, and virus concerns. Friday's early morning announcement that the President and First Lady tested positive for COVID-19 caused additional market volatility. Speaker of the House of Representatives Nancy Pelosi and Secretary of the Treasury Steven Mnuchin were in frequent communication this week as Democrats and Republicans continued efforts to agree on another fiscal stimulus package. On Wednesday, Mnuchin proposed a \$1.6 trillion package. The following day the House narrowly passed Democrat's \$2.2 trillion bill.

The U.S. labor market added 661,000 jobs in September versus economists' expectations of 859,000, according to a Bloomberg survey. The unemployment rate fell to 7.9% in September from 8.4% in August, the lowest since the pandemic began. Despite the fall in the unemployment rate, many U.S. companies are still reeling from the economic effects of the pandemic. Disney announced plans to lay off 28,000 theme park employees across the country. Allstate announced plans to lay off 8% of their workforce. American Airlines and United Airlines furloughed more than 32,000 workers, but said they will reverse that decision if lawmakers pass a new fiscal stimulus bill with airline payroll support. Other major companies that have come out with layoff plans include Dow, Royal Dutch Shell, and Marathon Petroleum.

The University of Michigan's survey of U.S. Consumer Sentiment rose to 80.4, up from 74.1 in August and the highest level since March. Stronger consumer sentiment was primarily due to improved optimism about the economic outlook and potential for faster growth. Despite improvements in consumer confidence, consumer spending is still down compared to a year ago. Consumer spending declined 1.92% year over year in August, but the decline is an improvement from the previous five months. The ISM Manufacturing Index reported a 55.4 reading, which is a 0.6 drop from August. The ISM reading is still above 50, marking the fifth consecutive month of an expansion in domestic manufacturing activity.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Conf. Board Consumer Confidence	101.8	98.3	▲
Core PCE Price Index (Y/Y)	1.6%	1.0%	▲
U. of Mich. Consumer Sentiment	80.4	78.1	▲
Non-Farm Payrolls	661,000	4,781,000	▼
Unemployment Rate	7.9%	11.1%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	27682.81	1.87%	-3.00%	6.15%
NASDAQ	11075.02	1.48%	23.43%	42.26%
S&P 500	3348.44	1.51%	3.64%	15.96%
MSCI EAFE	1859.54	1.56%	-8.71%	0.56%
Bbg Barclays Aggregate US	2376.86	-0.01%	6.83%	6.67%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.09%	0.10%	1.74%
10-Year Treasury	0.70%	0.65%	1.60%

REPORTS DUE NEXT WEEK	LATEST
ISM Non-Manufacturing	56.9
JOLTS Job Openings (Millions)	6.62
Trade Balance (\$ billions)	-63.6
Initial Jobless Claims (Thousands)	837

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.