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## Markets React to Election

Weekly Update – November 9, 2020

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### The Week on Wall Street

Stocks soared last week as investors anticipated that a split Congress would raise legislative hurdles to changing corporate taxes and adjusting regulatory oversight of big technology companies.

The Dow Jones Industrial Average jumped 6.87%, while the Standard & Poor's 500 tacked on 7.32%. The Nasdaq Composite index surged 9.01% for the week. The MSCI EAFE index, which tracks developed overseas stock markets, rose 7.65%.<sup>1,2,3</sup>

### Bulls Take Charge

Coming off a poor close to October, stocks surged throughout election week, jumping higher in pre-election trading on bargain hunting and strong factory activity. The rally picked up steam as Americans went to the polls and shifted into overdrive Wednesday morning.

Investors were buoyed by Congressional results that indicate that the next president would have to work with a divided Congress. Though a divided Congress might result in a smaller potential stimulus package and continued gridlock, investors seemed to believe that was outweighed by a diminished risk of higher taxes, greater regulation, and policy initiatives that might be challenging to businesses.

Stocks took a pause to close out the week, even as a solid jobs report saw the unemployment rate fall a full percentage point to 6.9%.<sup>4</sup>

### Yields Gyrate

Overlooked amid the powerful rally in stock prices was the swing in yields last week. Action in the bond market is important since 10-year Treasury yields are a benchmark for setting borrowing costs for businesses and they represent another view on the strength of the economic recovery.

The 10-year Treasury note rose as high as 0.942% during after-hours trading on election evening and dropped to 0.768% by the end of normal trading hours on Wednesday.<sup>5</sup>

### THIS WEEK: KEY ECONOMIC DATA

**Thursday:** Consumer Price Index (CPI), Jobless Claims.

**Friday:** Consumer Sentiment.

Source: Econoday, November 6, 2020

The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

### **THIS WEEK: COMPANIES REPORTING EARNINGS**

**Monday:** McDonald's Corporation (MCD), Simon Property (SPG)

**Tuesday:** D.R. Horton (DHI), Rockwell Automation (ROK), Datadog, Inc. (DDOG)

**Wednesday:** Air Products and Chemicals, Inc. (APD)

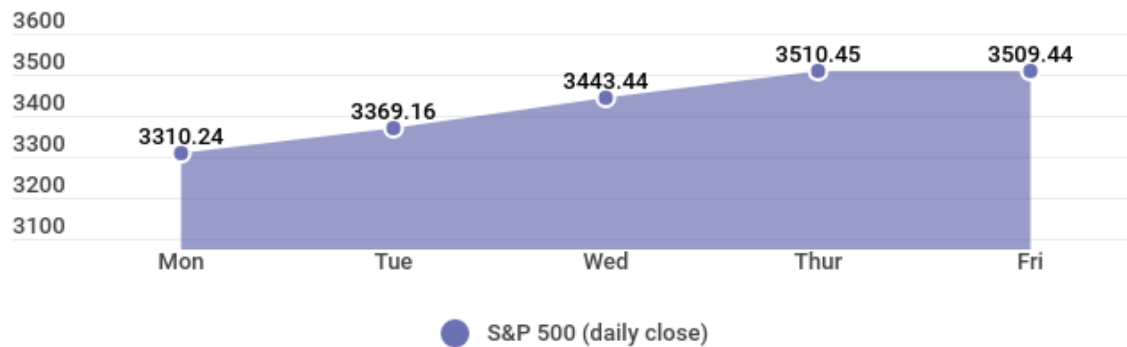
**Thursday:** Tencent Holdings (TCEHY), The Walt Disney Company (DIS), Cisco Systems (CSCO), Applied Materials (AMAT)


**Friday:** Draftkings, Inc. (DKNG)

Source: Zacks, November 6, 2020

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

Market Index	Close	Week	Y-T-D
DJIA	28,323.40	+6.87%	-0.75%
NASDAQ	11,895.23	+9.01%	+32.57%
MSCI-EAFE	1,916.22	+7.65%	-5.93%
S&P 500	3,509.44	+7.32%	+8.63%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.83%	-0.05%	-1.09%

Sources: The Wall Street Journal, November 6, 2020; Treasury.gov, November 6, 2020  
 Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 Index, and NASDAQ Composite Index is measured from the close of trading on Friday, October 30, to Friday, November 6, close. Weekly performance for the MSCI-EAFE is measured from Friday, October 29, open to the Thursday, November 5, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.



*“Nothing in life is to be feared. It is only to be understood.”*

- Marie Curie



### Patriotic Toast



2 pieces of toast

#### Ingredients:

- 2 pieces of bread
- 4 tablespoons cream cheese
- 4 tablespoons strawberry jam
- ¼ cup blueberries
- 1 banana

#### Directions:

1. Toast the bread.
2. Spread the cream cheese on the bread.
3. Layer the strawberry jam over the cream cheese.
4. Cut the banana into slices, then cut each slice in half.
5. Arrange the blueberries in the top corner of the bread in a square like the stars on the flag and lay the bananas in 3 lines to represent the stripes on the flag.

Recipe adapted from Taste and Tell<sup>6</sup>



## TAX TIPS

Department of  
U.S. Individual



### **Special Tax Considerations for Veterans**

Veterans face unique tax considerations due to their status. This includes disabled veterans. Here are some things to consider for disabled veterans and their families:

- Disabled veterans may be eligible to claim a federal tax refund if they receive an increase in the percentage of disability from the Department of Veteran Affairs.
- They may also be able to claim this tax refund if they are granted Combat-Related Special Compensation.

A disabled veteran can file Form 1040X, Amended US Individual Income Tax Return, if they need to make changes to their return based on the above or other changing circumstances. The veteran may only have to file an amended return on the year that the change is made.

\* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov<sup>7</sup>



## GOLF TIP



### **Know a Hole's Playing Yardage to Improve Your Strategy**

While hitting a long drive is important, there's a lot more that goes into your golf strategy. The best golfers understand yardage, including both a hole's playing yardage and their own yardage for each of their clubs.

Playing yardage explains a lot more than just how far it is to the pin. Using a formula, you can calculate how far you actually want your ball to travel in the air, which makes your game more accurate. The distance to the pin is your starting point. You then subtract the roll out and plus or minus for wind, elevation, and lie. Once you have that number, you can use your clubs accordingly by understanding each one's yardage.

Tip adapted from Eric Jones Golf <sup>8</sup>



### **Giving Back This Veterans Day**

This Veterans Day give back to military members and their families. There are many ways to participate. Here are some to get you started:

- Disabled American Veterans has many ways to give back, from events to charitable gifts to chances for advocacy.
- The Wounded Warrior Project provides rehab and counseling and is always looking for new volunteers.
- Operation Write Home has a very simple premise: provide the materials that service members need to write home to their loved ones. The organization sends blank, handmade greeting cards to our troops that they can then send back home. You can give back by donating or making your own card!

Tip adapted from Military.com<sup>9</sup>



### **Green Careers for Veterans**

For many veterans, leaving the military and reintegrating into civilian life can be a challenge. Fortunately, there's an organization aimed at training veterans in careers that are in demand and good for the planet.

Green Veterans is a division of the U.S. Green Building Council (USGBC), a non-profit organization dedicated to promoting sustainability in building design and construction. Green Veterans is designed specifically to make the transition from military to civilian life easier by providing networking, training, and volunteer opportunities towards those who served. With a focus on green careers and training, their goal is to help combat veteran unemployment and homelessness and help the planet at the same time.

Tip adapted from GreenVets.org<sup>10</sup>

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Investing involves risk including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values.

Diversification does not guarantee profit nor is it guaranteed to protect assets.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors.

The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The DJIA was invented by Charles Dow back in 1896.

The Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of stocks of technology companies and growth companies.

The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) that serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indices from Europe, Australia, and Southeast Asia.

The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

Past performance does not guarantee future results.

You cannot invest directly in an index.

Consult your financial professional before making any investment decision.

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- <sup>1</sup> The Wall Street Journal, November 6, 2020
  - <sup>2</sup> The Wall Street Journal, November 6, 2020
  - <sup>3</sup> The Wall Street Journal, November 6, 2020
  - <sup>4</sup> The Wall Street Journal, November 6, 2020
  - <sup>5</sup> The Wall Street Journal, November 5, 2020
  - <sup>6</sup> Tasteandtellblog.com, November 7, 2020
  - <sup>7</sup> IRS.gov, April 21, 2020
  - <sup>8</sup> Ericjonesgolf.com, November 7, 2020
  - <sup>9</sup> Military.com, November 7, 2020
  - <sup>10</sup> Greenvets.org, November 7, 2020