

BW BECKER WEALTH MANAGEMENT, LLC

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Heightened volatility leaves S&P down for the 4th week.

We saw heightened volatility most of the week which left the S&P 500 down only 0.6%, a fourth consecutive down week.

Big tech and utilities held up the positive side of the ledger while all remaining sectors (particularly cyclicals) finished in the red. Other markets followed the risk-off tone with UST yields falling, USD rallying, and commodities down as energy, industrial metals, grains, and precious metals all lost ground.

Market Anecdotes

- The FOMC speaking circuit (20 appearances) following the meeting week repeatedly expressed concern about the failure of Congress to deliver fiscal stimulus, reiterated a dovish policy stance, and announced no changes to existing programs.
- Hopes of a fiscal deal prior to the election are narrowing with members of the Senate expressing doubt and vastly different R/D packages. While the White House has signaled support for something up to \$1.5t, the Senate's focused package of \$650b and a more comprehensive House bill at \$2.4t make clear the notable gap that remains.
- A bipartisan House stopgap funding deal was reached with the White House to avert a government shutdown just before the election, now funded through December 11th.
- From a technical perspective, the S&P 500 still seems to be searching for a bottom, but key support levels remain intact.
- A week ago Friday, the popular Nasdaq 100 tracking ETF (QQQ)



experienced a \$3.482 billion outflow, one of the largest single day outflows on record.

- The COT (Commitment of Traders) report registered its first NASDAQ back to back net short week since May 2019 and its largest open interest net short (-23.2%) since May 2008.
- One high frequency data point we monitor, TSA throughput, averaged around 711k screenings last week compared to 2.3mm last year (-69.2%). This is up sharply from -96.5% in April but has flattened since July numbers which were in the -75% range.
- Progress continues to be made on developing a viable vaccine. According to The Good Judgment Project, about 60% of "superforecasters" expect a mass-distributed vaccine to be available by Q1 of 2021, up from 45% just four weeks ago.
- Governor Newsome of California announced a plan via executive order to ban sales of internal combustion engine cars starting in 2035. An EPA waiver allowing states to set their own emission standards is in litigation between 23 states and the Trump administration.
- A federal judge halted an adminis-

tration ordered ban on the Tik Tok app and the company filed suit against the U.S. government. Our system at work.

- Canada's PM announced plans to tax large global technology companies.

Economic Release Highlights

- August existing home sales remained very robust, beating consensus estimates (6.0mm vs 5.965mm) posting 2.4% MoM and 10.5% YoY growth. New home sales of 1.011mm crushed consensus at 875k.
- U.S. Flash September PMI (CMS) of 54.4, 53.5, 54.6 was slightly lower thanks to a softening in the services component but manufacturing increased and all were solidly in expansionary territory.
- With the KC Fed manufacturing report last week, 4 of 5 regional reports so far are suggesting further recovery in the manufacturing sector for September.
- August durable goods orders were expected to slow from July's 11.4% but came in well below expectations (0.4% v 1.5%), while the core capital goods component beat 1.8% to 1.7%.

INSIGHT

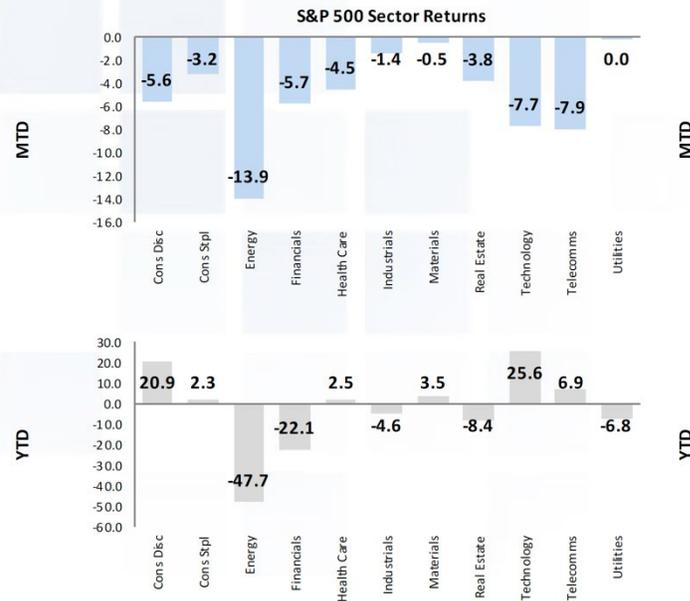
MARKET ANALYSIS

Equity	Level	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Commodities	Current	6/30/20	3/31/20	12/31/19
Dow Jones	27174	(1.75)	(3.62)	6.13	(3.07)	3.18	Oil (WTI)	39.26	39.27	20.51	61.14
NASDAQ	10914	1.13	(4.75)	9.17	22.48	36.43	Gold	1950.90	1768.10	1609.00	1514.75
S&P 500	3298	(0.61)	(4.08)	7.42	3.53	12.64					
Russell 1000 Growth		1.41	(3.87)	11.27	21.56	33.91					
Russell 1000 Value		(2.75)	(3.65)	4.56	(13.05)	(6.77)					
Russell 2000		(4.01)	(6.01)	4.69	(10.71)	(3.49)					
Russell 3000		(0.80)	(3.90)	7.78	3.33	12.29					
MSCI EAFE		(4.21)	(3.79)	3.34	(8.15)	(0.39)					
MSCI Emg Mkts		(4.42)	(4.82)	6.42	(3.04)	8.09					
Fixed Income	Δ Yield	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Treasury Rates	Current	6/30/20	3/31/20	12/31/19
US Aggregate	2.33	0.00	(0.05)	(0.13)	(0.37)	(0.39)	3 Month	0.10	0.16	0.11	1.55
High Yield	5.57	0.09	0.09	(0.16)	0.13	(0.01)	2 Year	0.12	0.16	0.23	1.58
Municipal	2.00	(0.00)	(0.01)	(0.05)	(0.14)	(0.16)	5 Year	0.26	0.29	0.37	1.69
							10 Year	0.66	0.66	0.70	1.92
							30 Year	1.40	1.41	1.35	2.39

Style Returns

	V	B	G
L	-4.08	-5.54	-6.82
M	-3.88	-3.75	-3.55
S	-6.89	-5.48	-4.19

	V	B	G
L	-13.05	4.31	21.56
M	-14.28	-4.15	11.43
S	-23.39	-10.71	1.70



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