

BECKER WEALTH MANAGEMENT, LLC

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The craziness of 2020 lingers on into the new year.

Would turning the calendar on 2020 also turn the page on the craziness of 2020? Nope.

The first trading day of the new year saw traders realize many of last year's gains, falling 1.5%. The remainder of the week markets glided through a pivotal win for team D in Georgia, riots at the U.S. capital, and a big miss on the December jobs report to post respectable gains. Large caps were up 1.8% and small caps surged nearly 6%, a stark reminder of the market as a forward-looking discount mechanism, viewing last week as yet another bump in an increasingly bumpy road. Cyclical led the way in the equity market as commodities (ex/ silver and gold) rallied nicely. The most shocking move in the financial markets last week occurred in the bond market as long rates moved up decisively in a big steepener, taking maturities 10 years and out up over 0.20%.

Market Anecdotes

- In a convincingly positive forward-looking view, markets rallied sharply to begin the year. The average stock in the R3000 is already up over 5% and every index was up over 1.5% last week.
- Cyclical, led by energy, materials, and financials came out of the gate strong while the technology complex (communication services, tech) lagged.
- Bottom up FactSet EPS estimates for 4Q20 increased by 2.3% during the quarter, the second consecutive quarterly increase following eight consecutive quarterly declines.
- Markets began to discount the policy outcomes of the D-sweep which materialized in last week's GA senate runoff. Pro-growth infrastructure and fiscal stimulus were the predominant near-term takeaways



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while tax policy and regulation loom as longer-term concerns.

- Narrow majorities in Congress will likely limit the more ambitious aspects of the Biden agenda. Bespoke noted that while it's often said that gridlock is good for the market, full party control in DC hasn't been bad either, particularly one with a slim margin of control.
- Since WWII there have been 12 sessions of Congress with the Democrats in full control. Markets were up 10 of 12 times with an average gain of 16.7%.
- Bespoke's Consumer Pulse Report illustrated a clear and strong divergence of sentiment with regard to consumer views on the economy relative to consumer views on personal finances.
- U.S. CoVid-19 statistics are looking pretty dire with record highs on cases, daily deaths, and hospitalizations making the resiliency of the economy rather impressive. Lockdowns in Europe became evident in several economic reports including retail sales which fell 6.1% in November.
- Data from CoinGecko shows the total market value of cryptocurrencies surpass-

ing \$1 trillion for the first time ever last week.

Economic Release Highlights

- The December jobs report continued the slowing trend. Payrolls missed consensus calls for +50,000, instead falling by 140,000. Unemployment rate fell to 6.7%.
- Wages growth is looking like a sustaining factor with December average hourly earnings of 0.8% M/M and 5.1% Y/Y, both coming in well in excess of forecasts.
- The December U.S. Manufacturing PMI of 57.1 beat consensus (56.5) and was higher than the forecasted range. Global Manufacturing PMI for December was unchanged at 53.8. EZ (55.2) increased from November, Japan finally hit the 50 mark, and China declined slightly to 53.
- U.S. PMI Composite (55.3) and Services (54.8) both missed consensus forecast and were just below the forecasted range.
- The ISM Manufacturing index ripped higher in December to 60.7, above the consensus estimate of 56.5 and outside of the high end of the forecasted range. ISM Services (57.2) also handily beat consensus forecast of 54.6.

INSIGHT

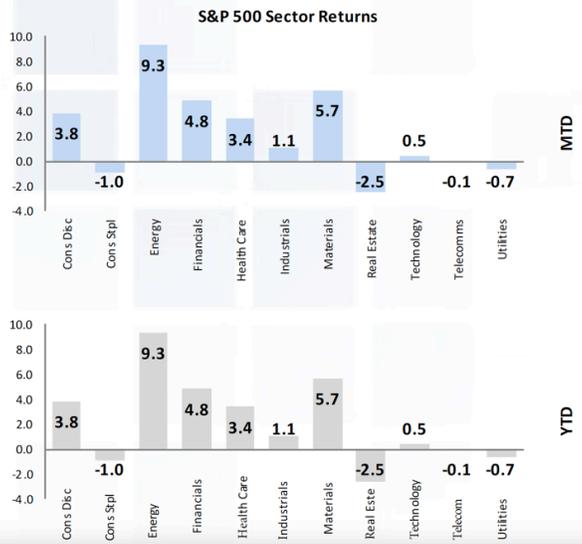
MARKET ANALYSIS

Equity	Level	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Commodities	Current	12/31/20	9/30/20	6/30/20
Dow Jones	31098	1.66	3.16	9.95	1.66	10.70	Oil (WTI)	47.47	48.35	40.05	39.27
NASDAQ	13202	2.45	4.98	15.81	2.45	45.89	Gold	1887.60	1887.60	1886.90	1768.10
S&P 500	3825	1.88	3.45	11.41	1.88	19.76					
Russell 1000 Growth		1.23	3.60	10.76	1.23	37.71	Currencies	Current	12/31/20	9/30/20	6/30/20
Russell 1000 Value		2.95	4.00	14.94	2.95	6.16	USD/Euro (\$/€)	1.23	1.23	1.17	1.12
Russell 2000		5.93	9.19	28.80	5.93	27.42	USD/GBP (\$/£)	1.37	1.30	1.29	1.24
Russell 3000		2.31	4.14	13.70	2.31	22.81	Yen/USD (¥/\$)	103.19	103.19	105.58	107.77
MSCI EAFE		3.16	5.95	17.11	3.16	12.15					
MSCI Emg Mkts		4.79	8.16	21.52	4.83	24.77	Treasury Rates	Current	12/31/20	9/30/20	6/30/20
Fixed Income	ΔYield	1 Wk	1 Mo	3 Mo	YTD	1 Yr	3 Month	0.08	0.09	0.10	0.16
US Aggregate	2.16	0.02	(0.04)	(0.13)	0.02	(0.53)	2 Year	0.14	0.13	0.13	0.16
High Yield	5.11	(0.00)	(0.08)	(0.31)	(0.00)	(0.31)	5 Year	0.49	0.36	0.28	0.29
Municipal	1.92	0.01	(0.01)	(0.08)	0.01	(0.20)	10 Year	1.13	0.93	0.69	0.66
							30 Year	1.87	1.65	1.46	1.41

Style Returns

	V	B	G
L	2.95	2.06	1.23
M	3.23	3.19	3.11
S	5.96	5.93	5.89

MTD



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L	2.95	2.06	1.23
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YTD



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