

BECKER WEALTH MANAGEMENT, LLC

A WEEKLY NEWSLETTER PUBLICATION OF BECKER WEALTH MANAGEMENT

Markets surge in wake of presidential election outcome.

Equity markets surged (6%-7%) to their best showing since April last week as election outcomes began to materialize.

With Senate outcomes still in limbo, markets cheered what looks like a gridlock scenario with Vice President Joe Biden taking the White House and market friendly policy compromises thanks to mixed Congressional power. Healthcare and technology led the way while energy and real estate lagged. Commodities benefited from a risk on rally in oil and long treasury bonds surged initially on contested election news bits but stayed suppressed due to a reduced likelihood of a sizable CoVid relief package.

Market Anecdotes

- After the worst pre-election stock market week on record, the S&P 500 delivered its best week since April as the election outcome and policy handicapping began to clear up.
- Tax hikes, infrastructure spending, green new deal, healthcare reform, regulation, and tech sector vilification have taken a back seat under a divided government scenario. The end of the trade wars, more modest CoVid fiscal relief, and eliminated tariffs are also likely.
- Emerging markets have benefited materially from the GOP Senate / Biden White House driven by currency implications of a weak USD due to lower interest rates (growth), lower Treasury issuance (deficit spending), and more stable foreign and trade policies.
- With 89% reported, FactSet noted



Photo Source: www.bigstock.com

record beat rates of 86% and margins of 19.5% for a blended Year over Year earnings decline of -7.5%. Revenue is coming in at -2.1% with record beats (79%) and margin (2.6%) of beats.

- The October FOMC meeting happened last week. As expected, no change in policy and they stand ready to enact fresh QE along with other measures if deemed necessary.
- The Bank of England surprised the markets by announcing £150 billion of quantitative easing. This was £50 billion more than expected.
- BCA pointed out an important sub-component of last week's GDP report is that the contribution from state & local government spending turned negative as it did in 2009/2010 where it remained a drag until 2014 - a significant contributor to subpar GFC recovery growth.
- CoVid is becoming more prevalent in the U.S. as the "third surge" does not seem yet to be slowing down.
- European and Canadian approaches to health policy/lockdowns are being closely

watched as proxies for full spring 2020 style versus partial targeted approach.

- The September Black Knight Mortgage Monitor showed a slight improvement in delinquencies and record originations.

Economic Release Highlights

- The October jobs report was strong with 638,000 new jobs taking the unemployment rate down to 6.9% (7.6% expected) and non-farm, private, and manufacturing payrolls all topping expectations.
- October's U.S. manufacturing PMI improved slightly to 53.4 while the ISM manufacturing surged and crushed expectations (59.3 v 55.7). The Composite improved from 54.3 to 56.9 in October.
- The global manufacturing PMI was 53.3, an improvement from 52.1 prior reading. The European Union registered a healthy 54.8, China 53.6, India 58.6 and Germany 58.2.
- October's ISM services index softened slightly to 56.6 from last month's 57.8 reading.

INSIGHT

MARKET ANALYSIS

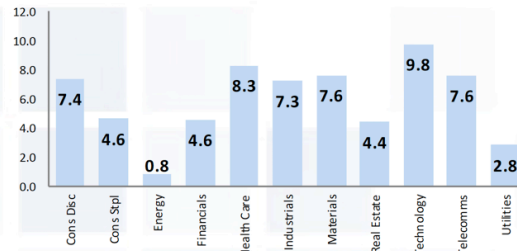
Equity	Level	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Commodities	Current	9/30/20	6/30/20	3/31/20
Dow Jones	28323	6.89	2.06	3.97	1.13	5.50	Oil (WTI)	36.60	40.05	39.27	20.51
NASDAQ	11895	9.05	6.69	7.32	33.59	42.80	Gold	1881.90	1886.90	1768.10	1609.00
S&P 500	3509	7.36	4.54	5.23	10.33	16.26					
Russell 1000 Growth		9.42	6.22	7.73	31.42	40.31					
Russell 1000 Value		5.48	2.89	4.01	(7.96)	(4.26)					
Russell 2000		6.89	4.30	6.78	(0.35)	4.91					
Russell 3000		7.50	4.61	6.00	10.87	16.86					
MSCI EAFE		8.11	1.96	3.93	(3.18)	(0.09)					
MSCI Emg Mkts		6.62	6.77	6.74	7.85	12.89					
Fixed Income	Δ Yield	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Currencies	Current	9/30/20	6/30/20	3/31/20
US Aggregate	2.24	(0.06)	(0.05)	(0.12)	(0.46)	(0.49)	USD/Euro (\$/€)	1.19	1.17	1.12	1.10
High Yield	5.34	(0.13)	(0.11)	(0.13)	(0.10)	(0.22)	USD/GBP (\$/£)	1.30	1.30	1.24	1.25
Municipal	1.97	(0.03)	(0.03)	(0.02)	(0.17)	(0.19)	Yen/USD (¥/\$)	104.54	104.54	107.77	107.53
							Treasury Rates	Current	9/30/20	6/30/20	3/31/20
							3 Month	0.10	0.10	0.16	0.11
							2 Year	0.16	0.13	0.16	0.23
							5 Year	0.36	0.28	0.29	0.37
							10 Year	0.83	0.69	0.66	0.70
							30 Year	1.60	1.46	1.41	1.35

Style Returns

	V	B	G
L	5.48	7.53	9.42
M	5.34	6.92	9.73
S	4.91	6.89	8.72

MTD

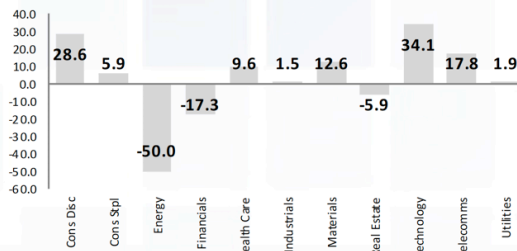
S&P 500 Sector Returns



MTD

	V	B	G
L	-7.96	11.65	31.42
M	-7.34	5.07	25.16
S	-14.75	-0.35	13.80

YTD



YTD

BECKER WEALTH
MANAGEMENT, LLC

949-724-4575 | www.beckerwealthmanagementllc.com

Investment Advisory Services are offered through Virtue Capital Management, LLC, an SEC Registered Investment Adviser. VCM and Becker Wealth Management are independent of each other. This newsletter is not to give investment advice. Before investing in any advisory product please carefully read any disclosure documents, including without limitation, the firm's Form ADVs. Indices do not reflect the deduction of any fees or expenses. They are not available for direct investment. Exposure to an asset class represented by an index is available through investable instruments based on that index. The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the Nasdaq. The DJIA was designed to serve as a proxy for the broader U.S. economy. The Nasdaq Composite Index is the market capitalization-weighted index of over 3,000 common equities listed on the Nasdaq stock exchange. It is used as a broad-based market index. The S&P 500 index is designed to be a broad based unmanaged leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe or representative of the equity market in general. The Russell 3000® Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. Total Return assumes dividends are reinvested. The Russell 1000 is a subset of the Russell 3000 Index. It represents the top companies by market capitalization. The Russell 1000 measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000 index is an index measuring the performance of approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States. Visit www.russell.com/indexes/ for more information regarding Russell indices. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The information published herein is provided for informational purposes only, and does not constitute an offer, solicitation or recommendation to sell or an offer to buy securities, investment products or investment advisory services. Nothing contained herein constitutes financial, legal, tax, or other advice. These opinions may not fit your financial status, risk and return profile or preferences. Investment recommendations may change, and readers are urged to check with their investment adviser before making any investment decisions. Estimates of future performance are based on assumptions that may not be realized. Past performance is not necessarily indicative of future returns or results. No representation is made as to the accuracy, completeness or timeliness of the information in this material since certain information herein is based on or derived from information provided by independent third-party sources. All enclosed material including market analysis data provided Taiber Kosmala & Associates, LLC. There is no duty to update this information. The Wilshire 5000 Total Market Index represents the broadest index for the U.S. equity market, measuring the performance of all U.S. headquartered equity securities with readily available price data. The PHLX Semiconductor Sector Index (SOX) is a capitalization-weighted index composed of 30 semiconductor companies. The companies in the Index have primary business operations that involve the design, distribution, manufacture and sale of semiconductors. The index is designed to track the performance of listed semiconductors. The Case-Shiller Index, formally known as the S&P/Case-Shiller Home Price Index is made up of several indexes that track the value of single-family detached residences using the arms-length and repeat-sales methods. It is used as a barometer not just of the housing market, but also of the health of the broader economy. For more information on the index, please visit <https://www.spglobal.com/>. All information obtained from Taiber Kosmala & Associates (2020). The secured overnight financing rate (SOFR) is a benchmark interest rate for dollar-denominated derivatives and loans that is replacing the London interbank offered rate (LIBOR). Interest rate swaps on more than \$80 trillion in notional debt switched to the SOFR in October 2020.