AMJ Financial Wealth Management
Weekly Market Commentary
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The Markets

The U.S. economy is like a semi-trailer truck. No one likes being stuck behind a semi at a stoplight because big trucks don't go from zero to 60 in 2.5 seconds. Neither does the U.S. economy.

When the pandemic brought our economy to a near virtual standstill early in 2020, the U.S. government and Federal Reserve (Fed) took extraordinary measures to help the economy get going again:

- Congress passed the CARES Act stimulus, which gave Americans and American businesses badly-needed fuel to support economic recovery. Businesses were able to stay open and people had money to spend. That's important because consumer spending accounts for almost 70 percent of U.S. economic growth.

- The Federal Reserve paved the road and gave it a downward slope by creating a supportive interest rate environment and implementing special lending facilities intended to support businesses, as well as state and local governments. Some programs were funded by the CARES Act.

Government and central bank stimulus helped the American economy get going again.

Is slower growth ahead?
In recent weeks, however, there have been signs economic recovery may be losing momentum and the virus may, once again, be responsible.

Recently, the United States passed a grim milestone. The number of deaths attributed to COVID-19 surpassed 250,000. For perspective, that's roughly equivalent to the population of Winston-Salem, North Carolina; Irving, Texas; or Buffalo, New York.

Last week, some economic data came in weaker than expected and initial unemployment claims ticked higher. Lucia Mutikani of *Reuters* reported:

> "U.S. retail sales increased less than expected in October and could slow further, restrained by spiraling new COVID-19 infections and declining household income as millions of unemployed Americans lose government financial support…'Fed officials are saying they might have to do more and today's data may turn that thinking into a reality.'"

The Treasury curbs the Fed
The tools available to the Fed changed last week. The U.S. Treasury announced it will let several of the Fed's Treasury-funded special lending programs expire at the end of 2020. Alexandra Scaggs of *Barron's* reported the programs include:

- The Main Street Lending Program for small-to-mid-size businesses and non-profits
- The Municipal Liquidity Facility that lends directly to state and local governments

- Corporate Credit Facilities that purchase corporate bonds

For these programs to reopen in the future, Congress will need to appropriate new funds. One economist cited by *CNBC* said, “U.S. Treasury Secretary Steven Mnuchin’s decision to allow key pandemic relief programs to expire is like stripping the lifeboats from the Titanic.”

Not everyone agreed. “Programs like the municipal bond program and the Main Street Lending Program have not worked, in part because the Fed is a central bank. And when you demand that it take on fiscal government tasks…it does that very carefully, and, frankly, very badly,” explained an analyst interviewed on *Marketplace Morning Report*.

Despite changing monetary support, U.S. stock markets remained resilient. Ben Levisohn of *Barron’s* attributed the stock market’s resilience to positive vaccine news, which “…might not have pushed the stock market higher, but it sure was a reason not to sell.” Major indices finished the week slightly lower.

Data as of 11/20/20	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-0.8%	10.1%	14.5%	11.3%	11.2%	11.5%
Dow Jones Global ex-U.S.	2.0	2.9	7.2	1.6	4.6	2.4
10-year Treasury Note (Yield Only)	0.9	NA	1.7	2.4	2.3	2.8
Gold (per ounce)	-0.8	23.2	27.5	13.4	11.6	3.3
Bloomberg Commodity Index	0.6	-8.3	-5.3	-4.9	-1.9	-6.5

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance, MarketWatch, djindexes.com, London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

DISRUPTION AND INNOVATION – THANKSGIVING STYLE. Thanksgiving is going to be a lot different this year – and Americans are rising to the challenge. Some are cooking up their favorite recipes and peppering the table with screens so they can share the event from afar with friends and family members. Others are taking the opportunity to move away from turkey and introduce new entrees. No matter what will be on the table, people are finding opportunities to give and reasons to be grateful:

> “In my neighborhood, we have decided to divide the Thanksgiving dinner up. Each neighbor participant makes something to share…We will package up our dishes in individual containers to be left on each neighbor's porch at a determined time. The people who are having a difficult time getting by don’t have to contribute anything – neither do the veterans. We will all enjoy our meal in our separate homes but will definitely be grateful for the kindness and generosity of our neighbors and friends.”
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> *--Sheryl Smetana, an Axios AM reader*

> “I'm going to have an amazing Thanksgiving all by myself,” Gabriel said. “I will sit on a park bench, and I will think about the great Thanksgivings that I've had in my life and be thankful for them. One bad Thanksgiving out of 63 amazing Thanksgivings – that's pretty good odds. Maybe we should be a little more thankful for what we do have than constantly be complaining about what we don't have.”
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> *--Person at a food pantry, interviewed by CBS News*

> “Everyone loves her father-in-law's potato salad but the family cannot congregate this year to enjoy it…Walker says she resorted to desperate measures. “I reached out to him and asked

> whether we could maybe send the potato salad in the mail," she confesses. Because no one wanted to add side servings of botulism to the holiday menu, Walker says, her father-in-law decided to tell everyone how to make the potato salad instead. Numerous long-coveted, heavily-guarded family recipes are being shared for the first time in 2020."
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> *--Cora Faith Walker, interviewed by NPR Weekend Edition Sunday*

We hope you have a happy and safe Thanksgiving!

Weekly Focus – Think About It

"Give thanks for a little, and you will find a lot."

--Hausa proverb

Best regards,

Angela M. Bender

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.
* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
* 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.
* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
* The Dow Jones Industrial Average (DJIA), commonly known as “The Dow,” is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
* Past performance does not guarantee future results. Investing involves risk, including loss of principal.
* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.
* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.
* Asset allocation does not ensure a profit or protect against a loss.
* Consult your financial professional before making any investment decision.

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