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Weekly Economic News & Updates

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Election news has thankfully been replaced with headlines by an announcement from Pfizer and BioNTech that results of a recent clinical trial have shown its vaccine to be 90% effective in preventing COVID-19 infections. The news has roiled financial markets with equity indices soaring while bond investors try to get out of the way. Treasury prices have fallen sharply with the Ten-Year's yield moving up to around 90 basis points while the Long Bond's yield has been pushed to 1.70%. The Treasury, by the way, will be selling \$54B Three-Year notes today. Bad timing.

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%.^{1,2,3}

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

Lobbies are open!

WEEKLY QUOTE

"Nothing in life is to be feared. It is only to be understood."

MARIE CURIE

WEEKLY TIP

If you are presently retiring, moving, or divorcing, try tracking all your expenses for the next few weeks or months. Big life changes like these may mean big revisions to your budget.

WEEKLY RIDDLE

Two-and-a-half artists spend two-and-a-half hours painting two-and-a-half models on two-and-a-half canvases. How many artists would be necessary to paint 24 models on 24 canvases in 20 hours?

Last week's answer:

Yes. Yes - the number is 122,111. $110,000 + 11,000 + 1,100 + 11 = 122,111$.

Sources: MarketingPro, Financial Strategies Group, The Baker Group, wsj.com, bigcharts.com, treasury.gov, Randy Baker and Chris Low and Rebecca Kooshak FTN Financial

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a solid jobs report saw the unemployment rate fall a full percentage point to 6.9%.⁴

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.⁵