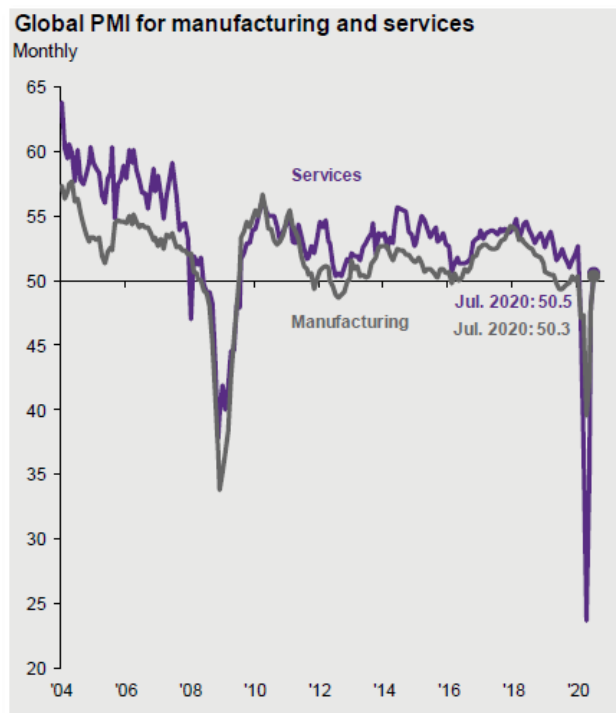


The Markets & the Economy - What We're Watching

Top Theme of the Week:

- › Global economies improving

There is no question the coronavirus pandemic resulted in a severe global economic contraction. Thankfully, we are continuing to see signs of easing due to several elements such as proper social protocols in place, monetary assistance to individuals and businesses, accelerated vaccine development, steadily controlled cases, a gradual labor market recovery, and positive consumer spending data. Economies across the globe are continuing to recover and actually gain momentum. For instance, in the UK and Brazil, retail sales are now above their pre-COVID levels, as is steel and cement demand in China¹. According to the Global Purchasing Managers Index (PMI) for manufacturing and services, which measures the prevailing direction of economic trends in the manufacturing and service sectors, are above 50 indicating the global economy is now officially accelerating.² This survey of supply chain managers across 19 industries indicates expansion in the US, the Euro area, and China.



Even in the US where the potential for an additional coronavirus relief bill has lessened, predictions for economic growth have improved. Forecasts made in July for how quickly the economy may grow have improved in September. Expectations are now for 3rd quarter GDP to increase at an annualized rate of 23.9% versus a prior estimate of 18.3%. Back in May, projections for unemployment at year end were 11% and unemployment is currently 8.4%³ - indicators of meaningful momentum.

¹ Morgan Stanley

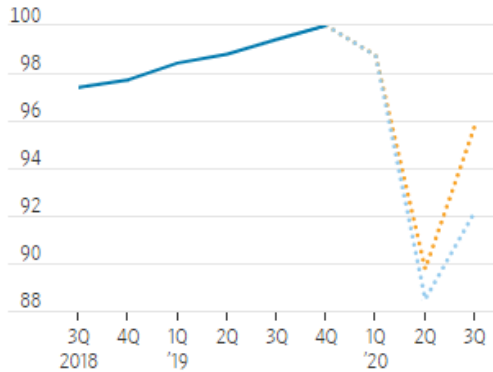
² Image Source: J.P. Morgan Asset Management; Markit

³ Wall Street Journal

A Bigger Bounce

Projected level of GDP

- Actual
- July forecast
- September forecast



Note: Fourth quarter of 2019 = 100.
Source: IHS Markit

While economies worldwide are improving, we know a number of uncertainties across the globe remain, including US elections and the potential for future lockdowns if Covid cases spike. Even with the virus still upon us and various vaccines in different phases of testing, economies across the globe have been able to adjust and produce at higher levels. Although these have been tumultuous times experiencing the deepest recession since World War II, perhaps this will also be the sharpest recovery and may pave the way for what has been a very narrow market breadth to widen.

Today, September 11 marks Patriot Day in memory of those killed in the September 11 attacks in 2001. We remember the victims and honor the survivors on this anniversary day.

For questions or more information, please contact your local IMG professional. For additional insights from IMG experts, please visit our new website's [Stock Market Insights](#) page and follow us on [LinkedIn](#).

Commentary is reflective as of the close Thursday, September 10, 2020.

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