

December 2020 Market

The month and year ended on a positive note, with the S&P and Dow closing 2020 at record levels while the NASDAQ was up ~44% for the year. Markets continued to ride on vaccine optimism as U.K. and FDA approvals were authorized. Focus then shifted from efficacy to logistics, where success depends on the challenges to manufacture, distribute and administer the vaccine. Hopes to lower the infection rates were a top priority globally. Equity markets were also elevated in December by U.S. lawmakers' agreement on a pandemic relief package, extending many of the CARES Act support measures.

On the economic data front this month, U.S. reported that November retail sales fell more than expected on broad weakness, down -1.1% (vs. Oct -0.1% and expectations of -0.3%). U.S. December IHS flash manufacturing PMI fell -0.2 points to 56.5 (vs. 56.0 expected). Output and new orders growth retraced to still-strong levels, while supplier delivery times rose amid raw material shortages and capacity constraints. Flash services PMI was -3.1 points to 55.3 (vs. 56.5 expected) impacted by increased COVID cases.

All eyes are on the prospects for a V-shaped recovery in 2021, less of a need for accommodation from the Federal Reserve, and results from the Georgia runoff.

	Date	1 Week Ago		1 Month Ago		1 Year Ago		YTD
	12/31/20	12/24/20	% chg*	11/30/20	% chg*	12/31/19	% chg*	% chg*
DJIA	30,606.5	30,199.9	1.3%	29,638.6	3.3%	28,538.4	7.2%	7.2%
S&P 500	3,756.1	3,703.1	1.4%	3,621.6	3.7%	3,230.8	16.3%	16.3%
NYSE Comp Index	14,524.8	14,382.5	1.0%	14,006.5	3.7%	13,913.0	4.4%	4.4%
NASDAQ Composite	12,888.3	12,804.7	0.7%	12,198.7	5.7%	8,972.6	43.6%	43.6%
Russell 2000	1,974.9	2,004.0	-1.5%	1,819.8	8.5%	1,668.5	18.4%	18.4%
MSCI EM (Emerging Markets)	1,291.3	1,253.5	3.0%	1,205.1	7.2%	1,114.7	15.8%	15.8%
MSCI EAFE	2,147.5	2,118.0	1.4%	2,053.8	4.6%	2,036.9	5.4%	5.4%
Japan Nikkei 225	27,444.2	26,668.4	2.9%	26,433.6	3.8%	23,656.6	16.0%	16.0%
FTSE 100	6,460.5	6,502.1	-0.6%	6,266.2	3.1%	7,542.4	-14.3%	-14.3%
SSE Comp Index	3,473.1	3,363.1	3.3%	3,391.8	2.4%	3,050.1	13.9%	13.9%

US Equity Sector Performance

	Dec	YTD	1 Yr Ret.
Consumer Discretionary	2.5%	33.3%	33.3%
Consumer Staples	1.8%	10.7%	10.7%
Energy	4.4%	-33.7%	-33.7%
Financials	6.3%	-1.7%	-1.7%
Health Care	3.9%	13.4%	13.4%
Industrials	1.2%	11.1%	11.1%
Information Tech	5.7%	43.9%	43.9%
Materials	2.5%	20.7%	20.7%
Communication Services	3.1%	23.6%	23.6%
Utilities	0.7%	0.5%	0.5%
Real Estate	1.5%	-2.3%	-2.3%

US Equity Style Performance

	Dec	YTD	1 Yr Ret.
Dow Jones Utilities	0.3%	-1.7%	-1.7%
DJ TRANS Avg.	0.5%	16.5%	16.5%
Russell 1000 Value	3.8%	2.8%	2.8%
Russell 1000 Growth	4.6%	38.5%	38.5%
Russell 2000 Value	7.9%	4.6%	4.6%
Russell 2000 Growth	9.3%	34.6%	34.6%

ROCKLAND
TRUST

Investment
Management Group

Bond Markets (%)

Major U.S. domestic equity indices all closed higher this month. From a sector standpoint, Financials (+6.3%), Info Tech (+5.7%), and Energy (+4.4%) led gainers.

Emerging Market (MSCI EM +7.2% MTD) and Developed International Equities (MSCI EAFE +4.6% MTD) closed higher. Emerging Markets ended the year +15.8% due to a falling dollar and increasing global trade activity. The U.K. voted to leave the E.U. in 2016 and officially left on Jan 31 2020, but negotiations had been complicated. In December, a Brexit deal finally materialized with new rules for how the U.K. and E.U. will live, work and trade together.

U.S. government debt yields moved only modestly higher and will likely remain low. The 10-Year Treasury yield ended the month at 0.92% versus 1.92% a year ago; while the 2-Year note yielded 0.12% versus 1.57% a year ago. Low rates and an increase in risk appetite weighed on the U.S. dollar. Munis continued to bounce back from market pandemic panic earlier in the year. Alongside the Fed, central banks across the globe responded to the pandemic and introduced a range of expansionary measures in 2020. The ECB extended its emergency asset purchase plan (PEPP) by €500B to March 2022.

The Bloomberg Commodity Index gained +5.0% in the month, and is down -3.5% YTD. Early in the month, WTI Crude oil rallied to near 9 month highs to \$50 levels and closed the month up +7.0% versus down -20.5% YTD. Gold was up +6.4% MTD and +24.4% YTD.

	12/31/20	1 Mth Ago	1 Yr Ago
US Benchmark Bond – 3 Mth	0.08	0.09	1.55
US Benchmark Bond – 6 Mth	0.09	0.10	1.59
US Benchmark Bond – 2 Yr	0.12	0.14	1.57
US Benchmark Bond – 5 Yr	0.36	0.36	1.69
US Benchmark Bond – 10 Yr	0.92	0.84	1.92
US Benchmark Bond – 30 Yr	1.65	1.58	2.39

US Bond Sector Performance

	Dec	YTD	1 Yr Ret.
Bloomberg Barclays U.S. Govt. Intrm. TR	0.03%	5.73%	5.73%

Exchange Rates (per US dollar)

	12/31/20	1 Mth Ago	1 Yr Ago
Canadian Dollar	1.274	1.296	1.297
Mexican Peso	19.926	20.157	18.884
Euro	0.817	0.836	0.891
British Pound	0.732	0.749	0.755
Swiss Franc	0.884	0.905	0.968
Chinese Yuan	6.540	6.582	6.966
Indian Rupee	73.068	74.056	71.378
Japanese Yen	103.245	104.275	108.675

Commodities (In US dollars)

	12/31/20	1 Mth Ago	1 Yr Ago
Gold	1,895.10	1,780.90	1,523.10
Crude Oil	48.52	45.34	61.06
US Dollar Index	89.89	91.86	96.06
Bloomberg Commodity Index	78.05	74.36	80.89

Interest Rates (%)

	12/31/20	1 Mth Ago	1 Yr Ago
Prime Rate	3.25	3.25	4.75
Federal Funds Rate	0.09	0.09	1.56
Libor Rate 30 Day	0.14	0.15	1.76
Libor Rate 3 Months	0.24	0.23	1.91
30yr Fixed Mortgage	2.66	2.71	3.72

Economic Sentiment

	12/31/20	1 Yr Ago
Unemployment Rate	6.70%	3.50%
Average Single Family Home Capacity Utilization	346,500	312,300
	73.30%	77.17%

*Performance for world indices represents price returns (excluding dividends) for the DJIA, S&P 500, NASDAQ, Russell 2000, MSCI EM, MSCI EAFE, NYSE, SSE, and Nikkei, due to data availability.

ROCKLAND TRUST

Investment
Management Group

Not FDIC Insured · Not Bank Guaranteed · May Lose Value · Not a Deposit · Not Insured by any Federal Government Agency

Investments in stocks, bonds, mutual funds, and other securities are not bank deposits or obligations, are not guaranteed by any bank, and are not insured or guaranteed by the FDIC (Federal Deposit Insurance Corp.), the Federal Reserve Board, or any other government agency. Investments in stocks, bonds, and mutual funds involve risks, including possible loss of principal.