

September 2020 Market Watch

Markets gave back last month's gains and closed lower in September as mega cap technology stocks struggled and a renewed global uptick in COVID-19 cases created concerns despite vaccine trials progressing. Data showed persistently weak demand in some sectors. The gradual return to restaurants, gyms and other close contact businesses have largely stalled following the improvement seen over the summer. In addition, people are still cutting back on flights while public-transit use remained low.

However, housing demand was strong as sales of new and existing homes rebounded in the low mortgage rate environment. Builder sentiment is at an all-time high as building permits rebounded.

The Federal Reserve (Fed) provided forward guidance in its September statement following its framework shift last month, reiterating that they will maintain current policy target range until labor market conditions have improved and inflation has risen to 2% and on track to moderately exceed 2% for some time. Rates are expected to remain near zero through 2023.

All eyes are on the upcoming election in November, the continued stimulus package stalemate, and the Supreme Court appointment in light of the death of Justice Ruth Bader Ginsburg.

	Date	1 Week Ago		1 Month Ago		1 Year Ago		YTD
	9/30/20	9/24/20	% chg*	8/31/20	% chg*	9/30/19	% chg*	% chg*
DJIA	27,781.7	26,763.1	3.8%	28,430.1	-2.3%	26,916.8	3.2%	-2.7%
S&P 500	3,363.0	3,236.9	3.9%	3,500.3	-3.9%	2,976.7	13.0%	4.1%
NYSE Comp Index	12,701.9	12,359.2	2.8%	13,045.6	-2.6%	13,004.7	-2.3%	-8.7%
NASDAQ Composite	11,167.5	10,633.0	5.0%	11,775.5	-5.2%	7,999.3	39.6%	24.5%
Russell 2000	1,507.7	1,451.5	3.9%	1,561.9	-3.5%	1,523.4	-1.0%	-9.6%
MSCI EM (Emerging Markets)	1,082.0	1,077.7	0.4%	1,101.5	-1.8%	1,001.0	8.1%	-2.9%
MSCI EAFE	1,855.3	1,855.3	0.0%	1,910.0	-2.9%	1,889.4	-1.8%	-8.9%
Japan Nikkei 225	23,185.1	23,346.5	-0.7%	23,139.8	0.2%	21,755.8	6.6%	-2.0%
FTSE 100	5,866.1	5,899.3	-0.6%	5,963.6	-1.6%	7,408.2	-20.8%	-20.2%
SSE Comp Index	3,218.1	3,279.7	-1.9%	3,395.7	-5.2%	2,905.2	10.8%	5.5%

US Equity Sector Performance

	Sep	YTD	1 Yr Ret.
Consumer Discretionary	-3.6%	23.4%	28.9%
Consumer Staples	-1.5%	4.1%	7.8%
Energy	-14.5%	-48.1%	-45.2%
Financials	-3.5%	-20.2%	-11.9%
Health Care	-2.2%	5.0%	20.1%
Industrials	-0.8%	-4.0%	1.3%
Information Tech	-5.4%	28.7%	47.2%
Materials	1.3%	5.5%	12.2%
Communication Services	-6.5%	8.6%	18.4%
Utilities	1.1%	-5.7%	-5.0%
Real Estate	-2.1%	-6.3%	-7.2%

US Equity Style Performance

	Sep	YTD	1 Yr Ret.
Dow Jones Utilities	1.4%	-7.3%	-7.3%
DJ TRANS Avg.	0.5%	4.3%	10.2%
Russell 1000 Value	-2.5%	-11.6%	-5.0%
Russell 1000 Growth	-4.7%	24.3%	37.5%
Russell 2000 Value	-4.7%	-21.5%	-14.9%
Russell 2000 Growth	-2.1%	3.9%	15.7%

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Bond Markets (%)

Major U.S. domestic equity indices all closed lower in September. The S&P 500 index gave back its August gains. From a sector standpoint, the leading performers were defensives Materials (+1.3%) and Utilities (+1.1%); while Energy (-14.5%) and Communication Services (-1.0%) led losses. Technology names also gave back gains (-5.4%) on the month, but is still the leading sector YTD (+28.7%).

	9/30/20	1 Mth Ago	1 Yr Ago
US Benchmark Bond – 3 Mth	0.10	0.11	1.82
US Benchmark Bond – 6 Mth	0.11	0.13	1.82
US Benchmark Bond – 2 Yr	0.13	0.13	1.62
US Benchmark Bond – 5 Yr	0.28	0.26	1.55
US Benchmark Bond – 10 Yr	0.68	0.70	1.68
US Benchmark Bond – 30 Yr	1.45	1.46	2.12

Internationally, Emerging Market (MSCI EM -1.8% MTD) and Developed International Equities (MSCI EAFE -2.9% MTD) closed lower. Key economic statistics showed that China's economic recovery has accelerated. Retail sales in the Asian nation returned to pre-coronavirus levels. UK fiscal stimulus is coming to an end as the furlough scheme expires in October and will likely to lead to a rise in unemployment.

US Bond Sector Performance

	Sep	YTD	1 Yr Ret.
Bloomberg Barclays U.S. Govt. Intrm. TR	0.07%	5.96%	5.98%

U.S. government debt yields hovered around record lows again. Treasury rates remain stagnant across the board. The 10-Yr yield closed at 0.68% while the 2-Yr closed at 0.13% again.

Exchange Rates (per US dollar)

	9/30/20	1 Mth Ago	1 Yr Ago
Canadian Dollar	1.336	1.303	1.324
Mexican Peso	22.076	21.886	19.744
Euro	0.853	0.836	0.917
British Pound	0.774	0.747	0.811
Swiss Franc	0.919	0.900	0.997
Chinese Yuan	6.811	6.855	7.138
Indian Rupee	73.780	73.608	70.869
Japanese Yen	105.530	106.045	108.075

The Bloomberg Commodity Index is down -3.4% in the month and -12.4% YTD. Elevated inventories and uncertainty over China demand have hampered the recovery in oil. Saudi Arabia's Aramco reduced its key Arab Light grade of crude by a larger-than-expected amount for shipments to Asia and also lowered pricing for US buyers, the first price cut since June. Gold lost -4.2% MTD, but is up +24.5% YTD.

Commodities (In US dollars)

	9/30/20	1 Mth Ago	1 Yr Ago
Gold	1,895.50	1,978.60	1,472.90
Crude Oil	40.22	42.61	54.07
US Dollar Index	93.93	92.13	99.02
Bloomberg Commodity Index	70.85	73.32	77.78

Interest Rates (%)

	9/30/20	1 Mth Ago	1 Yr Ago
Prime Rate	3.25	3.25	5.00
Federal Funds Rate	0.09	0.09	1.90
Libor Rate 30 Day	0.15	0.16	2.02
Libor Rate 3 Months	0.23	0.24	2.09
30yr Fixed Mortgage	2.88	2.93	3.65

Economic Sentiment

	9/30/20	1 Yr Ago
Unemployment Rate	7.90%	3.50%
Average Single Family Home	345,700	309,400
Capacity Utilization	71.40%	77.43%

*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.

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