Thursday, December 10, 2020

Good Afternoon,

As we saw last Friday, employment figures grew more slowly than expected in November.  Part of the slowdown in employment can be attributed to the conclusion of temporary census workers.  However, surging COVID-19 cases are likely be a formidable headwind and the next few months are could be challenging before hope arrives in the form of a vaccinated populace. Pressure on employment coupled with the expiration of extended Federal benefits are likely to make for rocky economic growth over the next few months.

While the US election and COVID have dominated headlines lately, BREXIT is back to the top of the list.  Last year’s exit agreement punted on the most difficult issues, and the deadline for resolving these issues to avoid an effective “hard BREXIT” is approaching quickly.  Lack of a deal will present significant economic pressures to both the UK and the EU at a time when both economies are already reeling from the COVID-19 pandemic.  The current sticking points blocking an agreement are ones where both sides will find it difficult to give ground due to domestic political pressures.

Considering these factors, among others, we think markets are pricy and investors appear overly optimistic about the short-term prospects. Beyond a period of uncertainty over the next few months, we think the outlook for later in 2021 gets brighter. The pending Senate runoff election in Georgia needs close monitoring, as well. Failure by Republicans to retain at least one of the two seats may have real impacts on US tax policy, and rightly or wrongly, investors would react negatively to those prospects. Lots of questions to be answered and things are gettin’ ripe in The Peach State.

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<http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm>

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

The most important question right now?  Can the Bills get by the mighty Pittsburgh Steelers on Sunday night?  Go Bills!

*Wade*

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