



# CONWAY • JARVIS LLC

## Investment Outlook

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### Update

#### **A Brief Reality Check for the Market**

Following last week's Vaccine Rally, the stock market consolidated some of that gain this week as investors turned their focus once again to COVID and the growing number of lockdowns occurring throughout the states. It would seem that, just as we checked the box for vaccine development, we're confronted by the *details* of timing and distribution of the vaccine amidst a surge in the spread of the virus. That was enough to accelerate the reallocation of capital to the cyclical stocks that will benefit when the vaccine(s) becomes widely available.

So far, November has been kind to investors as the S&P 500 jumped roughly 10%, retracing all of its October decline and more, to remain slightly shy of its bull market high of last week. As for sectors, the big losers of the first half of this year are this month's big winners: Energy up 25%, Financials and Industrials up 15%. Even Travel and Hospitality stocks mounted a modest rally as investors entertained the idea of a controlled-COVID environment becoming a reality in 2021.

Despite the good news this month, a widening scope of lockdowns could present a challenge for critical components of the economy. This could take the form of a rise in jobless claims, a tempering of the recovery in Industrials and Retail, and a resumption of the stay-at-home malaise in economic activity that we experienced in the first half of 2020. This holiday season will be our first in the COVID period and the weeks ahead will provide a clue as to what GDP growth may look like next year. That could give *some* investors pause regarding the chances of a double-dip recession while *others* will look beyond to the days of widespread testing and vaccine availability.

We count ourselves among the "others" looking beyond this quarter and the next to the return to some semblance of social normalcy and progress toward a full recovery of the economy. In the meantime, we have no FOMO (Fear of Missing Out) as we await the opportunity to further deploy our cash reserves. Stay tuned.

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