



CONWAY • JARVIS LLC

Investment Outlook

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Update

Ho Hum, Another Record Setting Week for the Market

As we go deeper into the holiday season, it wouldn't be surprising to see the market quiet down a bit. 2018 and 2019 were exceptions as we saw a holiday blow-off and melt-up of the averages in those years, respectively. This year the stock market appears to be *coasting* into year-end on a high note, aided by momentum from a record November rally triggered by news of *two* COVID vaccines being approved for distribution.

Even as we still await news of a second stimulus package and the result of the US Senate contest in Georgia, stocks continue on an upward trajectory, albeit at a slower pace. Events of the week included the Fed's reinforcement of its outcome-based approach to interest rates. The short version: Low Rates, Long Time. The only negative data point for the week was a reported stumble in Retail Sales after months of improvement. The market shook that off a day later with the S&P 500 closing at an all-time record high on Thursday.

Coming on the heels of November's advance, we could see the market settle into its pre-Christmas malaise of old. With so many investors content with their annual returns and loathe to take capital gains so late in the year, we believe any consolidation of the indexes will likely be deferred into the New Year. The catalyst for any pullback could be a surprise outcome in Georgia that would have negative ramifications for fiscal policy over the next biennium. Absent a surprise failure to execute on a stimulus package, we would expect the market to continue coasting into year-end. Stay tuned.

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