

CAPITAL MARKETS REPORT - NOVEMBER 16, 2020



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Market Movers:

- Encouraging vaccine results from Moderna boost stocks, bond yields
- COVID cases continue to spike worldwide while key Biden advisers oppose nationwide lockdown
- Washington likely to focus on stimulus bill as election result debate fades
- Another Monday announcement of successful vaccine trials has stocks rallying and bond yields climbing. After last week's similar Pfizer news, Moderna reported that their vaccine was 94.5% effective in a late stage trial. In addition, the Moderna vaccine is thought to have a longer shelf life and the ability to be stored at warmer temperatures than the Pfizer variety. While the final approval of either vaccine is still several weeks away at best, production and distribution is expected to present a significant logistical challenge.
- COVID cases continue to surge in many parts of the world, with the U.S. and Europe currently being particularly hard hit. Many European leaders have instituted significant economic restrictions to limit the virus' spread. While there has been speculation that President-elect Joe Biden would take a similar approach, two of his key coronavirus advisers oppose such a measure at the moment. Their recommendation is to pursue targeted local measures that would have a less significant impact on economic activity. Furthermore, they speculate that a nationwide action would increase the "pandemic fatigue" that much of the country is experiencing as the health crisis drags on.
- In recent days, leaders from both parties have turned their attention from the election results to passing another stimulus package. While markets have been far more focused on the vaccine test results, the shorter term band-aid of a stimulus bill is likely to return to the forefront in the days ahead.

Market Last Week

| | 11/06/20 Close | 11/13/20 Close | Weekly Change |
|-------------|-------------------|-------------------|------------------|
| 2 yr. note | 0.15% | 0.18% | +3 bps |
| 5 yr. note | 0.36% | 0.41% | +5 bps |
| 10 yr. note | 0.82% | 0.90% | +8 bps |
| 30 yr. bond | 1.60% | 1.65% | +5 bps |
| 1 Mo. LIBOR | 0.12775 | 0.13638 | +0.00863 |

Data This Week

| Date/Time (EST) | Economic Data | Market Estimate | Prior Report |
|----------------------|---------------------------------------|--------------------|-----------------|
| 11/16/20 8:30 AM | Empire Manufacturing | 13.5 | 10.5 |
| 11/17/20 8:30 AM | Retail Sales (Oct) | 0.5% | 1.9% |
| 11/17/20 8:30 AM | Retail Sales Ex Auto and Gas (Oct) | 0.6% | 1.5% |
| 11/17/20 9:15 AM | Industrial Production (Oct) | 1.0% | -0.6% |
| 11/17/20 9:15 AM | Capacity Utilization (Oct) | 72.3% | 71.5% |
| 11/17/20 10:00 AM | NAHB Housing Market Index(Nov) | 85 | 85 |
| 11/18/20 8:30 AM | Building Permits (Oct) | 1567k | 1553k |
| 11/18/20 8:30 AM | Housing Starts (Oct) | 1457k | 1415k |
| 11/19/20 8:30 AM | Initial Jobless Claims (Nov 14) | 700k | 709k |
| 11/19/20 8:30 AM | Philadelphia Fed Business Outlook | 22.0 | 32.3 |
| 11/19/20 10:00 AM | Leading Index (Oct) | 0.7% | 0.7% |
| 11/19/20 10:00 AM | Existing Home Sales (Oct) | 6.45m | 6.54m |

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