

# Financial Week Newsletter

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...as summarized by Smith Shellnut Wilson

## Equity Markets

- U.S. stocks generally rose last week on optimism over prospects for an effective COVID-19 vaccine.

	<u>11/6 Close</u>	<u>11/13 Close</u>	<u>Price Change</u>
Dow Jones	28,323	29,480	Up 4.1%
S&P 500	3,509	3,585	Up 2.2%
NASDAQ	11,895	11,829	Down 0.6%
KBW Bank Index	78.52	87.53	Up 11.5%

## Financials

- Regulators closed no additional banks last week; year-to-date closures remain at four.
- A decade ago, Ted Kaufman, who is leading President-elect Joe Biden's transition team, sought to rein in the big banks and now he will have a significant role in picking the people who supervise them; in 2010, during a brief stint in the Senate, Mr. Kaufman led a push to limit the size of U.S. lenders--a move that would have led to the breakup of the biggest banks had it been successful.
- A federal judge ruled last week that the Small Business Administration must release detailed information for all Paycheck Protection Program loans, including the names of borrowers and precise loan amounts; the SBA had previously released detailed information only for PPP loans above \$150,000, representing only a fraction of the loans issued.

## Credit Markets

- U.S. Treasury yields rose slightly last week on prospects for further economic gains.

	<u>11/6 Close</u>	<u>11/13 Close</u>	<u>Yield Change</u>
3-month Tsy	0.09%	0.09%	Unchanged
2-year Tsy	0.15%	0.18%	Up 3 bps
5-year Tsy	0.36%	0.41%	Up 5 bps
10-year Tsy	0.82%	0.90%	Up 8 bps

## Credit Markets (cont'd)

- The drumbeat for a change to rules governing money-market mutual funds is growing, with Federal Reserve Bank of Boston President Eric Rosengren noting that so-called “prime” money-market funds--those that are able to invest in non-government-backed instruments--“failed again” during the coronavirus-related upheaval that took place earlier in the year, and that the situation surrounding such money funds is “quite disturbing” to central bank authorities.

## Treasury/Fed/Administration/Congress

- A Joe Biden presidency with a Republican-controlled Senate could spell out a victory for another Washington figure--Federal Reserve Chairman Jerome Powell; with a record of drumming up bipartisan support, Powell is a familiar face among senators and may face the fewest political obstacles to renomination when his term as chair expires in 2022.
- The U.S. economy is likely to have a strong recovery in the second half of 2021 from the pandemic-induced slump in 2020, though the resurgence of COVID-19 cases may jeopardize economic growth over the next several quarters, according to Federal Reserve Bank of Dallas President Robert Kaplan.

## Economy

- Another 709,000 American filed for first-time unemployment benefits in the latest reporting week, marking only a modest improvement in the number of those newly unemployed even as coronavirus cases in the U.S. continue to creep higher.
- A measure of U.S. inflation was unchanged in October, missing forecasts that called for a modest gain; the reading on the headline consumer price index, at 1.2% on a year-over-year basis, was the slowest in five months, while the core index, which excludes volatile food and energy costs, was 1.6% on a year-over-year basis, unchanged from the prior month.

## This Week

Economic data scheduled to be released this week include retail sales, industrial production and housing starts.

## Quote

“The aim of argument, or of discussion should not be victory, but progress.”

-- Joseph Joubert