Financial Week Newsletter

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. . .as summarized by Smith Shellnut Wilson

Equity Markets

- U.S. stock indices extended weekly declines on Friday amid conflict between the White House and Federal Reserve over emergency lending programs.

	11/13 Close	11/20 Close	Price Change
Dow Jones	29,480	29,263	Down 0.7%
S&P 500	3,585	3,558	Down 0.8%
NASDAQ	11,829	11,855	Up 0.2%
KBW Bank Index	87.53	88.28	Up 0.9%

Financials

- Regulators closed no additional banks last week; year-to-date closures remain at four.
- PNC agreed to buy Spanish lender BBVA's banking operations in the U.S. for $11.6 billion, vaulting past rivals to become the country's largest regional bank; PNC's purchase deployed the $14 billion it raised earlier this year from selling its stake in Blackrock to fuel an expansion and compete with U.S. retail-banking giants.

Credit Markets

- Treasury yields remained largely unchanged last week, while muni bonds delivered solid gains, extending their outperformance versus Treasuries month-to-date.

	11/13 Close	11/20 Close	Yield Change
3-month Tsy	0.09%	0.07%	Down 2 bps
2-year Tsy	0.15%	0.16%	Up 1 bp
5-year Tsy	0.36%	0.37%	Up 1 bp
10-year Tsy	0.82%	0.83%	Up 1 bp

Treasury/Fed/Administration/Congress

- Federal Reserve Chairman Jerome Powell said in a speech last week that the central bank will keep interest rates near zero, and maintain a stance of easy monetary policy, until the U.S. economy fully recovers from the COVID-19 crisis, noting that while the economy appears to have undergone a faster-than-expected recovery, the pace of improvement has been slowing; the Fed's next policy-setting meeting is scheduled for December 15 and 16.

Economy

- U.S. retail sales climbed in October at the slowest pace in six months, suggesting that consumers are becoming hesitant amid a surging pandemic and lack of fresh fiscal stimulus; the value of total sales increased 0.3% in October from a downwardly-revised gain of 1.6% in September.

- U.S. manufacturing production rose at a solid 1% pace in October, marking the sixth straight monthly advance as factories continued to recover from the depths of the pandemic-driven lockdowns earlier this year.

- U.S. household debt rose to a record $14.35 trillion in the third quarter as record-low interest rates continued to fuel a surge in home-loan borrowing.

- U.S. new home construction rose in October by a greater-than-expected 4.9%, the fastest pace since February, highlighting a robust residential real estate market that's helping to spur the economy.

- Sales of previously-owned homes also unexpectedly increased in October to the highest level in almost 15 years, extending a housing market boom fueled by record-low mortgage rates and buyers' desire for properties in the suburbs.

- The Conference Board's Leading Economic Index rose by 0.7% in October, compared with 0.7% in September and 1.6% in August; on a year-over-year basis, the indicator remains in negative territory, at -2.99%, a sign of economic weakness.

This Week

Economic data scheduled to be released this week include new home sales, home prices and the second estimate of 3rd quarter GDP.

Quote

"Thanksgiving dinners take 18 hours to prepare. They are consumed in twelve minutes. Half-Times take twelve minutes. This is not coincidence."

-- Erma Bombeck

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The source for the information above is Bloomberg News unless otherwise noted."