

Market Update: October 21, 2020

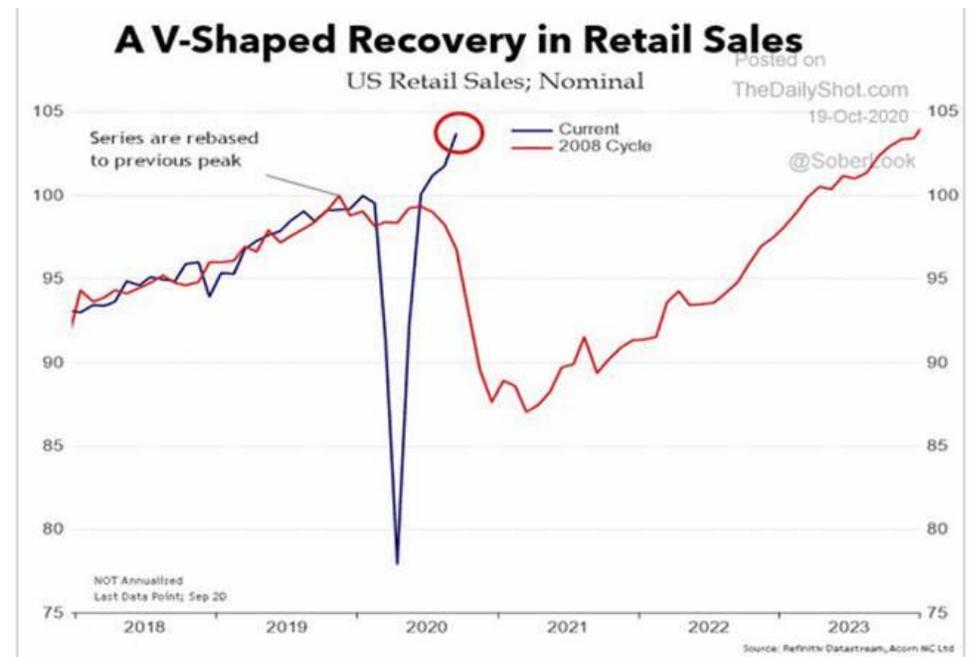
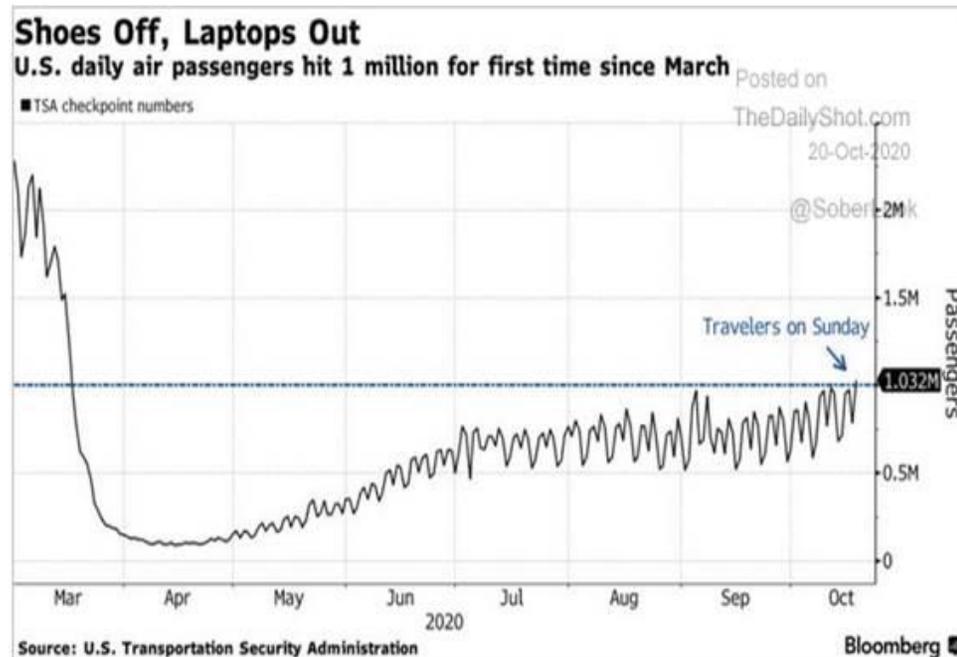
As long time clients know, I spend part of my day researching on specific companies that I own on your behalf and also the macro economic (i.e. bigger picture) conditions, state of credit markets and the monetary/ fiscal situation and political policy decisions. All of these feed into a broader economic backdrop that has at least a marginal (and sometimes more than marginal) impact on corporate profits. Remember, profit growth drives stock prices higher (and we like that!)...

So, as per my string of emails since the market bottom in March, I have continued to stress that the **U.S. economy IS RECOVERING** and we are now into a new bull (up) market for stocks! Yes, we have a ways to go yet to get back to late 2019 economic activity levels and the recovery is 'spotty' in so far as some service focused industries like airlines and restaurants continue to struggle while manufacturing and technology is doing much better. Again, there are some bleak spots still and millions remain unemployed, but the market knows all this and as I have pointed out many times, the market looks forward, discounting the future, not the present or the past.

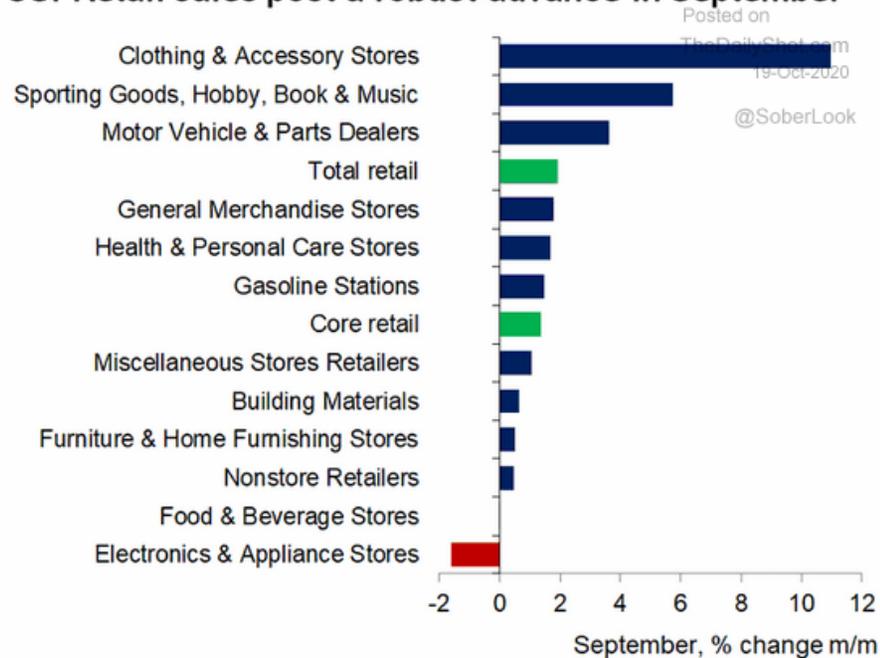
BOTTOM LINE: the U.S. economy should accelerate and grow at a quicker pace into 2021 as vaccines come on line, the virus follows the current path of attenuation and becomes less of an issue for the global economy and ongoing massive fiscal and monetary support globally helps nurture and spur growth and consumer confidence. In my view I see the equity markets doing very well into 2021 and I still think we can see 4000 on the S&P 500 index next year as the recovery evolves (we're at 3450 now)...

Please call or email anytime!

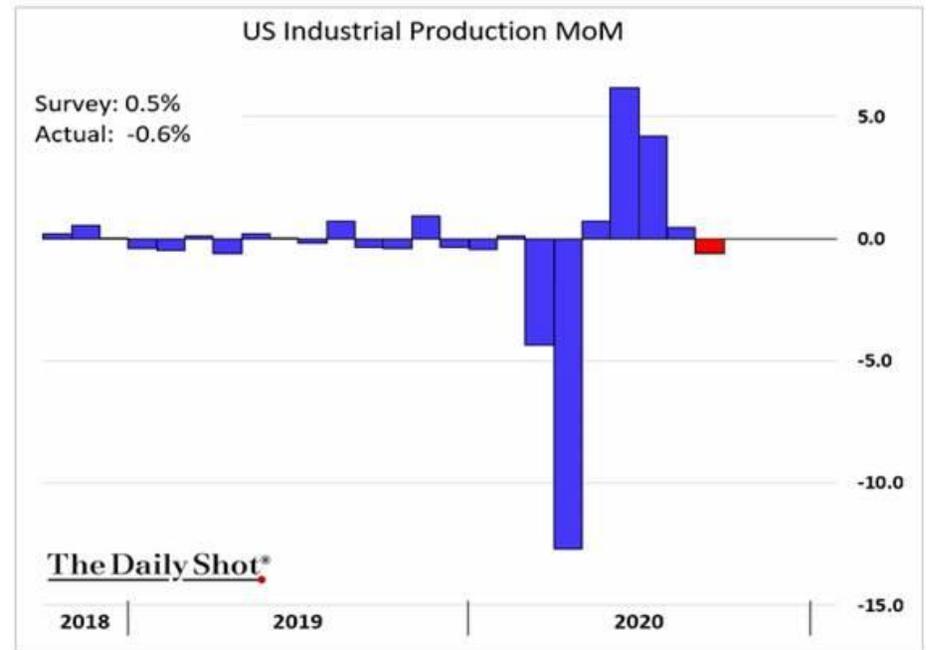
U.S. AIRLINE PASSENGER TRAFFIC HITS 1 MILLION...



US: Retail sales post a robust advance in September



3. Industrial production unexpectedly declined in September as the post-lockdown demand slowed.



U.S. FREIGHT/SHIPPING ACTIVITY HAS NEARLY RECOVERED:

Chart 1 – The index is getting very close to even with year-ago levels, as demand recovery continues



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