Market and Economic Update: After advancing for eight of the previous nine weeks, a relatively steady climb for stocks was interrupted on Thursday as the S&P 500 fell 2.3% to start the month. Technology stocks weighed on the broader market reversing a recent trend. While seemingly disconnected from economic fundamentals, equity market strength has been supported by aggressive fiscal and monetary stimulus. The labor market rebound extended for a fourth month in August. The U.S. added 1.4M jobs and the unemployment rate dropped to 8.4% vs. expectations of 9.8%. At this point, the U.S. jobs market has recovered about half of the 22M jobs lost in March and April supporting optimism that the U.S. economy can continue to recover in spite of an ongoing health crisis and gridlock in Washington.

COVID-19 Update: Globally, confirmed cases now exceed 27 million with a death toll of more than 890,000 people. The U.S. has now confirmed more than 6 million cases with nearly 190,000 American lives lost to the virus. After peaking at over 70,000 in July, the number of new daily coronavirus cases is now averaging just over 40,000 and the surge in cases across southern and western states has proven far less deadly than the initial wave experienced in the northeast. While U.S. cases have steadied of late, governors across the country urged citizens to be cautious over Labor Day weekend. The risk of another resurgence remains high given holiday travel and the back-to-school considerations, but it appears we are more prepared to manage localized outbreaks than we once were.

Asset Returns

Still not stable. The U.S. had been on a path to stabilization, but reopenings and relaxation of social distancing measures caused a reacceleration in new cases throughout America’s sunbelt.

United States - Daily Case Confirmations

Declining from recent peaks. After peaking at over 70,000 in July, the number of new daily cases is now averaging just over 40,000.

United States - Daily COVID-19 Deaths

Lower death rates. During the first wave of cases U.S. death rates exceeded 7%. During the second wave, death rates have been less than 2% due to demographics of the infected and healthcare system preparedness.
Data sources:

Sources:

World Health Organization (WHO) Daily Situation Reports
Johns Hopkins University & Medicine Coronavirus Resource Center
National Health Commission for the People’s Republic of China
Author’s Calculations

About this presentation:

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