



# SUMMIT FINANCIAL

## Summit Snapshot: Week of September 21<sup>st</sup>, 2020

### Periodic Returns

	Trailing Week			Quarter-to-Date			Year-to-Date		
	Value	Blend	Growth	Value	Blend	Growth	Value	Blend	Growth
U.S. Large-Cap	0.5%	-0.2%	-0.8%	6.8%	8.0%	9.2%	-10.6%	5.0%	19.9%
U.S. Mid-Cap	0.9%	1.1%	1.6%	7.9%	7.1%	5.6%	-11.6%	-2.7%	9.9%
U.S. Small-Cap	2.0%	2.7%	3.3%	6.2%	6.9%	7.6%	-18.8%	-7.0%	4.3%

	Trailing Week	Quarter-to-Date	Year-to-Date
S&P 500 Index	-0.6%	7.5%	4.2%
NASDAQ Composite	-0.5%	7.5%	21.1%
International Developed	0.8%	7.8%	-4.5%
Emerging Markets	1.6%	12.2%	1.2%
U.S. Aggregate Bond	-0.1%	0.7%	6.9%
U.S. Municipals	0.1%	1.3%	3.4%
Corporate High Yield	0.1%	5.4%	1.4%

Source: Morningstar, see 'Disclaimer' for details

### U.S. Equity Markets

- Stocks were mixed last week balancing renewed optimism around a COVID-19 vaccine pared back by concerns that the Fed's vast monetary policy effort was becoming less effective.
- In the large-cap space, value outpaced growth as investors' enthusiasm for technology giants continued to wane. Recent weakness aside, many leading growth stocks have performed favorably this year and remain up well into the double-digits so far in 2020.
- Energy stocks led the S&P 500 Index for the week, helped by an unexpected draw against U.S. inventories as Saudi Arabia curbed production. The communication services sector was amongst the bottom performers, held back by losses in large internet platform companies such as Facebook.
- Heightened trading volatility was expected (and realized) Friday during the quarterly phenomenon known as "quadruple witching," when four types of stock options and futures expire simultaneously.

### International Equity Markets

- International indices were mostly positive for the week, although emerging market equities were a standout with the index rising 1.6% in USD terms.
- European stocks were marginally positive, likely held back by a rise in recently reported coronavirus cases and newly suggested lockdown measures.
- Japanese stocks were little changed as Prime Minister Suga assumed the reins from Abe. Yoshihide Suga will fill the remainder of Abe's term until September 2021.
- Chinese equities rallied on continued optimism around its path towards an economic recovery. Investors also hoped for more fiscal stimulus to support harder hit areas of the economy.

## Credit Markets (Perspectives from our partners at Piton Investment Management)

- Yields remained mostly range bound, with 10-year treasuries closing back around 0.67%.
- The curve steepened mid-week and the long-end moved slightly week over week, with yields up 2 basis points (0.02%) into Friday.
- The FOMC meeting on Wednesday brought little surprises, as the Fed remains dovish and focused on keeping interest rates low over the next three years. Additionally, the Fed plans to let the inflation target hover moderately above 2% to allow for more accommodative guidance.
- The corporate spread for the iShares iBoxx Investment Grade Corporate Bond ETF, LQD, was approximately -4 basis points (0.04%) tighter this week.
- On Thursday, New Jersey lawmakers passed a bill to increase the tax rate from 8.97% to 10.75% on incomes over \$1mm to pay for rebates to middle class households. This could result in additional demand for NJ bonds as wealthy households seek tax free income.
- **Expanded fixed income commentary from Piton can be found using this [link](#).**

## U.S. Economic Data/News

- Pfizer's CEO said in an interview that the company could begin distributing a vaccine in the U.S. before the end of the year, while AstraZeneca announced that it was resuming trials of its vaccine candidate in the UK. Many experts continue to have mixed views on when a vaccine will be widely available.
- Economic data was mixed. Core retail sales fell modestly in August and July's job growth figure was revised lower. On the other hand, initial jobless claims hit pandemic lows and the housing market continued to show strength on the backs of strong demand and limited supply.
- The Fed's two-day policy meeting concluded with tempered expectations for the size of the domestic economic contraction in 2020 from 6.5% to 3.7%. Despite the revision, investors appeared disappointed with no changes to the QE program and that the U.S. is reaching diminishing returns of monetary stimulus.

## International Economic Data/News

- The World Health Organization has issued warnings over the alarming rise of new European coronavirus cases and the continent hit 300,000 cases for the first time. In the past two weeks, more than half of the European countries registered more than a 10% increase in infections.
- The Bank of England left its key policy measures unchanged – in line with expectations. That said, the central bank has already acknowledged the potential for more action in a response to risks such as another surge in cases and continued impediments from Brexit.
- The Organization for Economic Co-operation and Development (OECD) noted that China's economy is one of the few major nations to post economic growth for 2020. Economic readings from China continue to indicate that China is on the path to recovery and has been so far successful in controlling the coronavirus.

## Odds and Ends

- This weekend marked the passing of Supreme Court Justice, Ruth Bader Ginsburg. Ginsburg was only the second woman to ever sit on the top U.S. court and was known as a pioneer for women's equality. She was 87 years old.
- Over the weekend, President Trump reversed his TikTok ban expected to start Sunday and approved a deal in principle that would shift TikTok's U.S. data to be managed by Oracle. Both Oracle and Walmart also intend to take an ownership stake in a new entity, TikTok Global, which would combine to 20%.
- Innovators, policymakers, asset managers, advisors and others are gathering this week- primarily in digital form -to attend Climate Week NYC, an annual conference focused on climate action. The event, run by non-profit the Climate Group with the United Nations and the City of New York, focuses on the future of the planet--and how the allocation of capital plays its critical role.

## Resource of the week:

- Ever get caught watching car reviews on YouTube? If you have, you might have come across the deemed 'King of Quirks' Doug Demuro. Doug started out as an automotive journalist after graduating from college but has since pivoted to a flourishing YouTube career. He's also recently launched an enthusiast oriented automotive auction platform aptly named – Cars & Bids. If you're curious how Doug built his small car empire or just get an update on what cars you maybe should consider buying next, please enjoy this episode of *Masters in Business* with Barry Ritholtz.
  - **Podcast link:** <https://www.bloomberg.com/news/audio/2020-09-18/doug-demuro-on-the-business-of-reviewing-cars-podcast>

Sources: The WSJ, T. Rowe Price Global Markets Weekly Update, Trading Economics, Piton Investment Management

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This commentary was written by Craig Amico, CFA®, CIPM®, Senior Investment Analyst, Noreen Brown, CFA®, Director of Portfolio Management and Steven Melnick, CFA®, Senior Investment Analyst at Summit Financial, LLC., an SEC Registered Investment Adviser ("Summit"), headquartered at 4 Campus Drive, Parsippany, NJ 07054, Tel. 973-285-3600. It is provided for your information and guidance and is not intended as specific advice and does not constitute an offer to sell securities. Summit is an investment adviser and offers asset management and financial planning services. Indices are unmanaged and cannot be invested into directly. The Sustainable Spotlight portion of this report is written and provided by Seeds Investor LLC ("Seeds"). Seeds is an SEC Registered Investment Advisor which is not affiliated with Summit. The market return chart returns are represented by the following indices: large cap value by Russell 1000 Value TR Index, large cap blend by Russell 1000 TR Index, large cap growth by Russell 1000 Growth TR Index, mid cap value by Russell Mid Cap Value TR Index, mid cap blend by Russell Mid Cap TR Index, mid cap growth by Russell Mid Cap Growth TR Index, small cap value by Russell 2000 Value TR Index, small cap blend by Russell 2000 TR Index, and small cap growth by Russell 2000 Growth TR Index, international developed by the MSCI EAFE NR USD Index, Emerging Markets by the MSCI EM NR USD Index, U.S. Aggregate Bond by the BbgBarc US Agg Bond TR USD Index, U.S. Municipals by the BbgBarc Municipal TR USD Index, and Corporate High Yield by the BbgBarc US Corporate High Yield TR USD Index. The Wilshire 5000 Total Market Index measures the performance of all U.S.-headquartered equity securities with readily available price data. The Standard & Poor's 500 Index (S&P 500) is an unmanaged group of securities considered to be representative of the stock market. The Russell 2000 Index is a market-cap weighted index comprised of the smallest 2,000 companies within the Russell 3000 Index, a larger market-cap index made up of the largest 3,000 publicly traded companies in the U.S., nearly 98% of the investable U.S. stock market. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. The MSCI Europe Index captures large- and mid-cap representation across 15 Developed Markets countries in Europe, covering approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe. The MSCI Emerging Markets (EM) Index captures large- and mid-cap representation across 26 Emerging Markets countries, covering approximately 85% of the free float-adjusted market capitalization in each country. The MSCI Japan Index captures large- and mid-cap representation of the Japanese market, covering approximately 85% of the free float-adjusted market capitalization in Japan. The Bloomberg Barclays U.S. Aggregate Bond Index is a market capitalization-weighted index comprising Treasury securities, Government agency bonds, mortgage backed bonds, corporate bonds, and some foreign bonds traded in the U.S. The Bloomberg Barclays Global Aggregate Ex U.S. Index measures the performance of global investment grade fixed-rate debt markets that excludes USD-denominated securities. The Bloomberg Barclays Municipal Bond Index covers the U.S. dollar-denominated long-term tax-exempt bond market. Created by the Chicago Board Options Exchange (CBOE), the Volatility Index, or VIX, is a real-time market index that represents the market's expectation of 30-day forward-looking volatility. Data in this newsletter is obtained from sources which we, and our suppliers believe to be reliable, but we do not warrant or guarantee the timeliness or accuracy of this information. Consult your financial professional before making any investment decision. Past performance is no guarantee of future results. Diversification/asset allocation does not ensure a profit or guarantee against a loss.