

# MARKET OUTLOOK | FRANCIS J. PERFETUO, JR., CFA

Greetings from Veritas!

With the month of August behind us I wanted to connect with you about some recent headlines, lingering concerns, and update you on another month of strong market performance:

- In the news:
  - In August, the economy added 1.37 million job bringing the unemployment rate down to 8.4% 1. Still too high but continued movement in the right direction.
  - The most recent reading of the ISM Manufacturing Index rose to 56.0, indicating health and growth in the U.S. manufacturing sector <sup>1</sup>
  - After an uptick in COVID cases during July in the U.S., numbers have come back down in August but with students now going back to school we are seeing some hotspots develop
  - Globally, central banks have joined the U.S. Fed to provide liquidity support to keep global markets functioning normally
    - International markets have become more attractive given their lower relative valuations and a weakening dollar
- Concerns / Risks
  - Despite vaccine hopes and progress, we still do not have any clarity on when we might have a vaccine ready to go
  - Congress is at a standstill with negotiations for another stimulus package
  - US-China relations have deteriorated over trade and technology
  - Political uncertainty with the upcoming presidential election this fall
- August's Market Performance <sup>2</sup>
  - Despite a recent uptick in volatility so far in September, the *month of August* was another strong month (5<sup>th</sup> in a row) in the equity markets adding to the remarkable recovery since March 23rd:
    - S&P 500 (US Large Caps) increased 7.19%
    - Russell 2000 (US Small Caps) increased 5.63%
    - MSCI EAFE (International Developed) increased 5.14%
    - MSCI EM (Emerging Markets) increased 2.21%
    - ICE BofAML US Corp & Govt 1-10 Yr A-Rated (Bonds) decreased slightly - .17%, but remains ahead 5.86% year-to-date



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As always, THANK you for your trust and confidence in our Team!

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<sup>1</sup> Source: Morningstar  
<sup>2</sup> Source: Blackrock

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