



Market & Economic Review

Second Half 2020



CAPSTONE™

FINANCIAL ADVISORS



Market Review

Overview

Overview

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- Global Stocks & Bonds

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- U.S. Stocks across Presidential and Congressional Terms
- U.S. Stock Market Returns Before and After Elections
- U.S. Stock Market Returns Based on Party in Power
- Investment Strategy Comparison During Election Cycles

Market Indicators

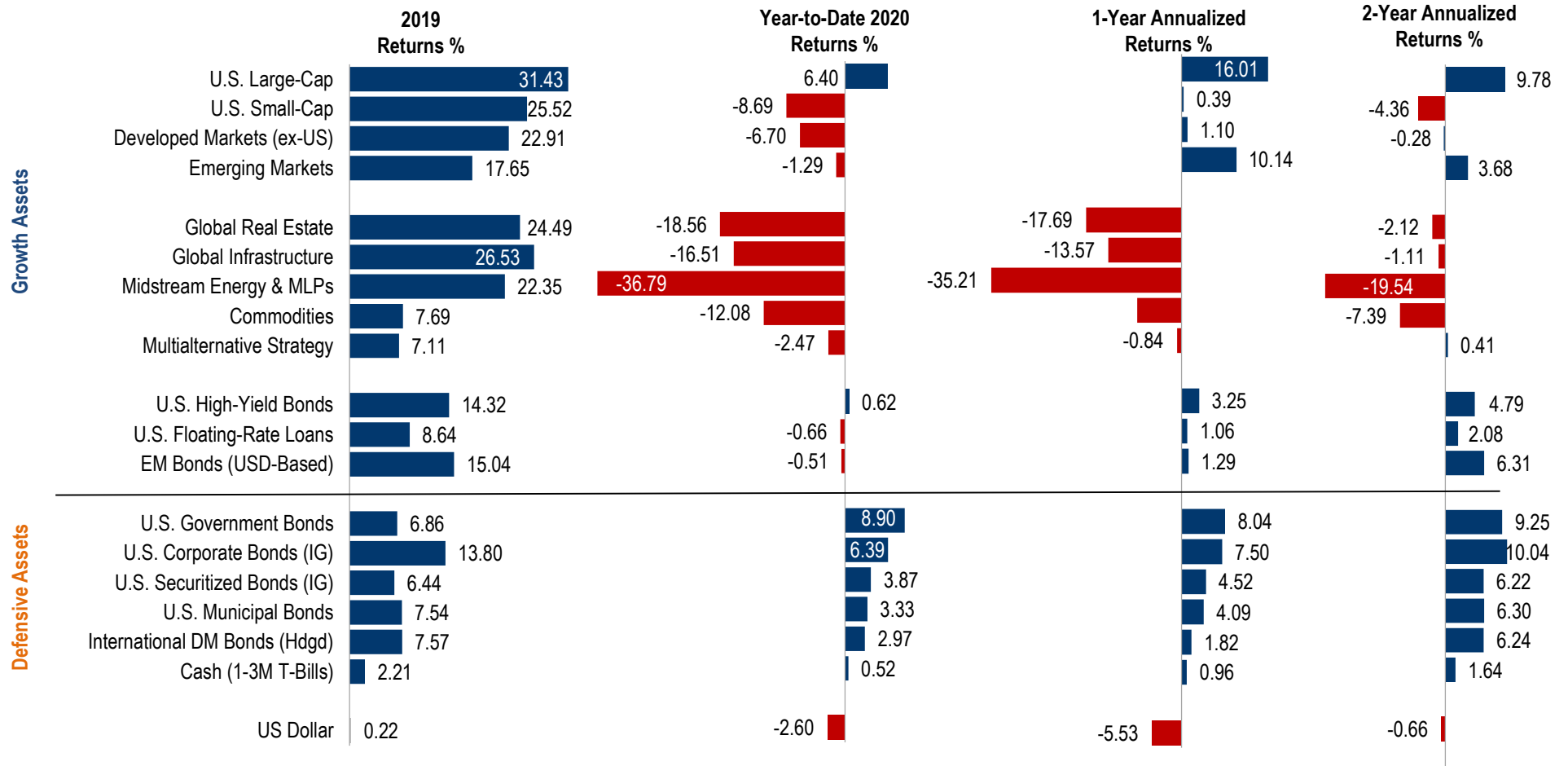
- Interest Rates
- Inflation Expectations
- Energy Prices
- Currency
- Stock Market Valuations
- Bond Market Valuations



Market Review: Asset Classes

Recent Returns

☐ The COVID-19-induced recession has negatively impacted most growth-based asset classes in 2020, except for U.S. large-cap stocks. Defensive-based asset classes have continued to benefit from high investor demand and declining interest rates around the world.



Source: Morningstar Direct. Data as of 09/30/2020. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

U.S. Large-Cap = Russell 1000 TR USD, U.S. Small-Cap = Russell 2000 TR USD, Developed Markets (ex-US) = MSCI World Ex USA IMI NR USD, Emerging Markets = MSCI EM IMI NR USD, Global Real Estate = S&P Global REIT TR USD, Global Infrastructure = DJ Brookfld Gbl Infra Comp TR USD, Midstream Energy & MLPs = Alerian Midstream Energy Select TR USD, Commodities = Bloomberg Commodity TR USD, Multialternative Strategy = Morningstar Category Multialternative (Average), U.S. High-Yield Bonds = BBgBarc High Yield Corporate TR USD, U.S. Floating-Rate Loans = S&P/LSTA Leveraged Loan TR, EM Bonds (USD-Based) = JPM EMBI Global Diversified TR USD, U.S. Government Bonds = BBgBarc US Treasury TR USD, U.S. Corporate Bonds (IG) = BBgBarc US Credit TR USD, U.S. Securitized Bonds (IG) = BBgBarc US Scrtzd MBS ABS CMBS TR USD, U.S. Municipal Bonds = BBgBarc Municipal TR USD, International DM Bonds (Hdgd) = BBgBarc Gbl Agg Ex USD TR Hdg USD, Cash (1-3m T-Bills) = BBgBarc US Treasury Bill 1-3 Mon TR USD, US Dollar = ICE USD Spot.

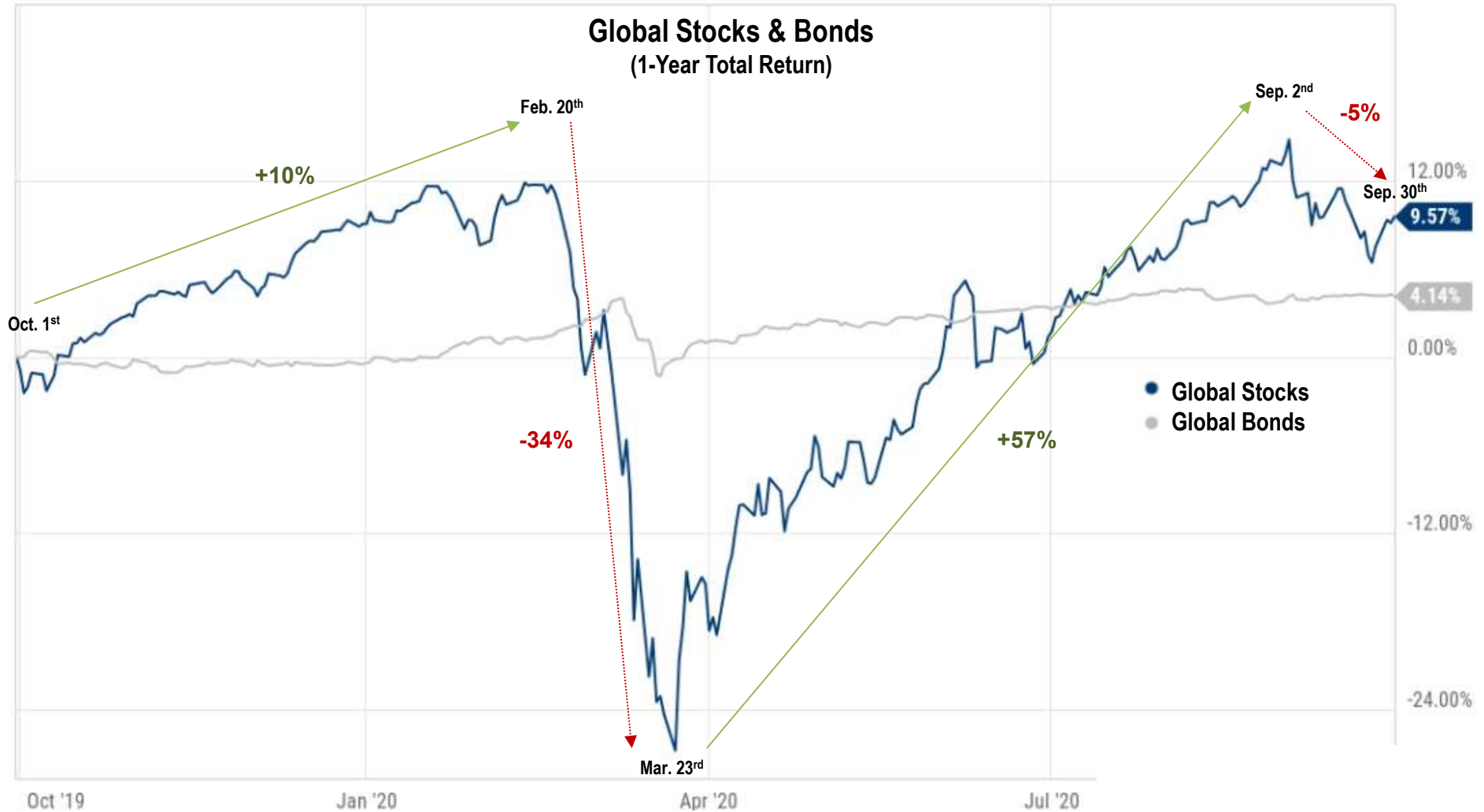




Market Review: Global Stock Market

Recent Returns

Worldwide lockdowns pushed stocks down sharply earlier in the year, and since then, stocks have more than recovered their losses. Meanwhile, bonds have provided portfolio ballast. This illustrates the importance of having a balanced portfolio of stocks and bonds, rebalancing, and of staying invested.



Source: YCharts, MSCI, Bloomberg. Data as of September 2020. Past performance is not a guarantee of future results. Global Stocks are represented by the MSCI ACWI Investable Market Index (IMI) NR. Global Bonds are represented by the Bloomberg Barclays Global Aggregate USD-Hedged Index. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

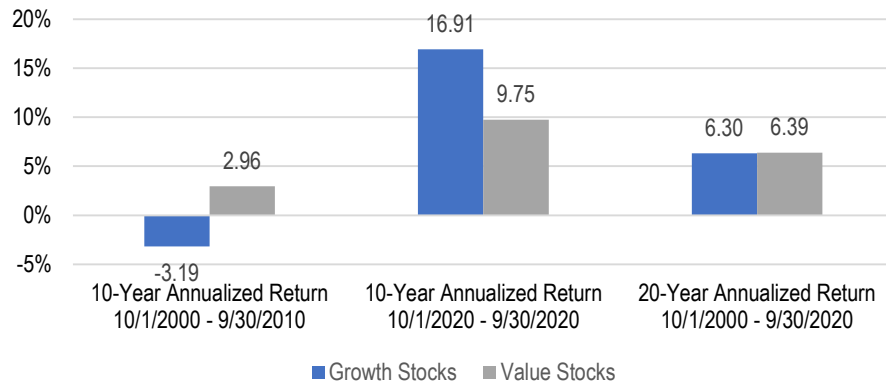


Market Review: Growth vs. Value Stocks

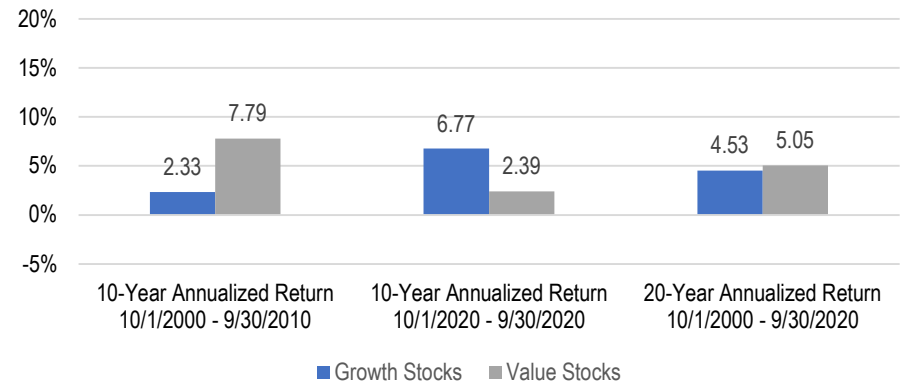
Historical Perspective

□ Growth companies have outperformed over the past decade because their earnings growth rates have outpaced those of value companies. The story was different the prior decade. Over the long-term, owning both growth and value stocks in a portfolio has provided diversification to investors.

U.S. Stocks

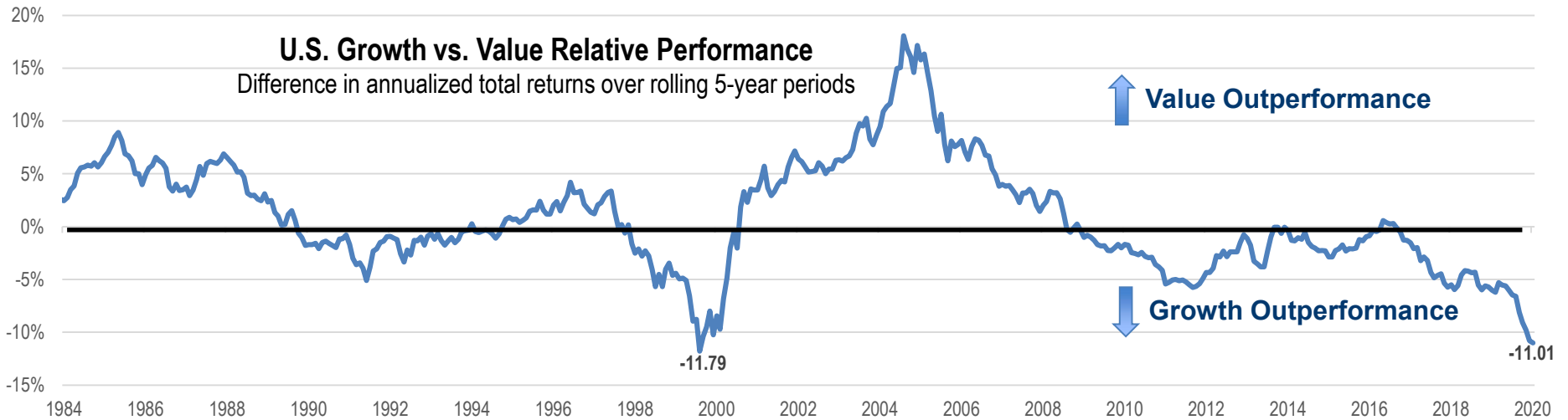


International Stocks



U.S. Growth vs. Value Relative Performance

Difference in annualized total returns over rolling 5-year periods



Source: YCharts, Morningstar Direct. Date range for lower chart: 12/31/1983 to 08/31/2020. U.S. Growth Stocks are represented by the Russell 3000 Growth TR USD. U.S. Value Stocks are represented by the Russell 3000 Value TR USD. International Growth Stocks are represented by the MSCI ACWI Ex USA IMI Growth GR USD. International Value Stocks are represented by the MSCI ACWI Ex USA IMI Value GR USD. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

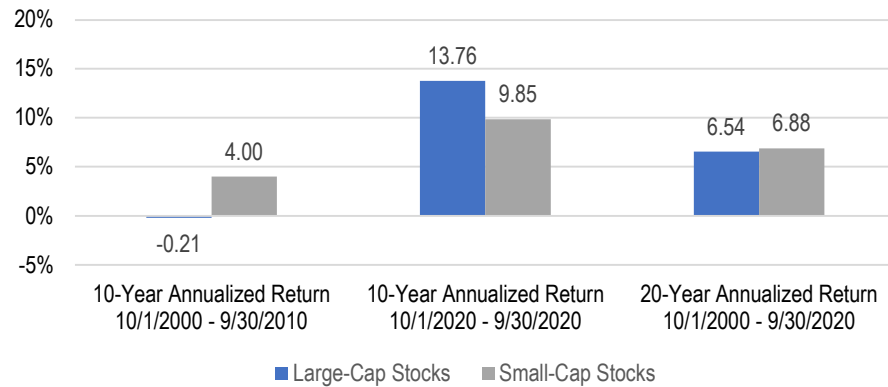


Market Review: Large vs. Small-Cap Stocks

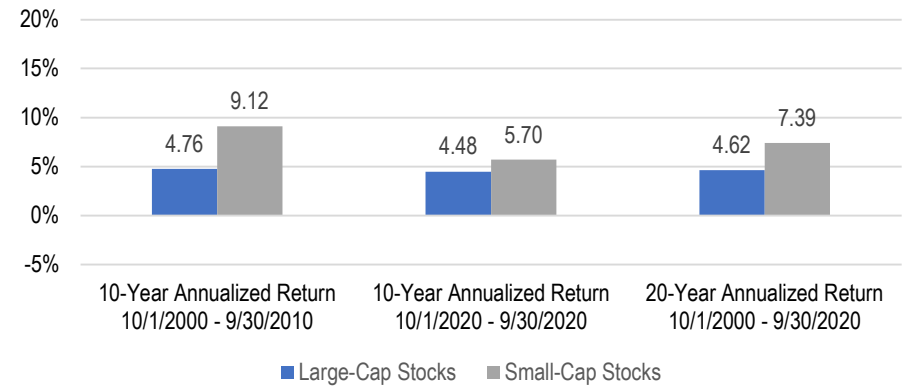
Historical Perspective

The relative performance of large-cap vs. small-cap companies has also varied over the last two decades. Large-caps have outperformed small-caps in the most recent decade, and the reverse was true in the prior one. Over the long-term, owning both large and small-cap stocks has provided diversification to investors.

U.S. Stocks

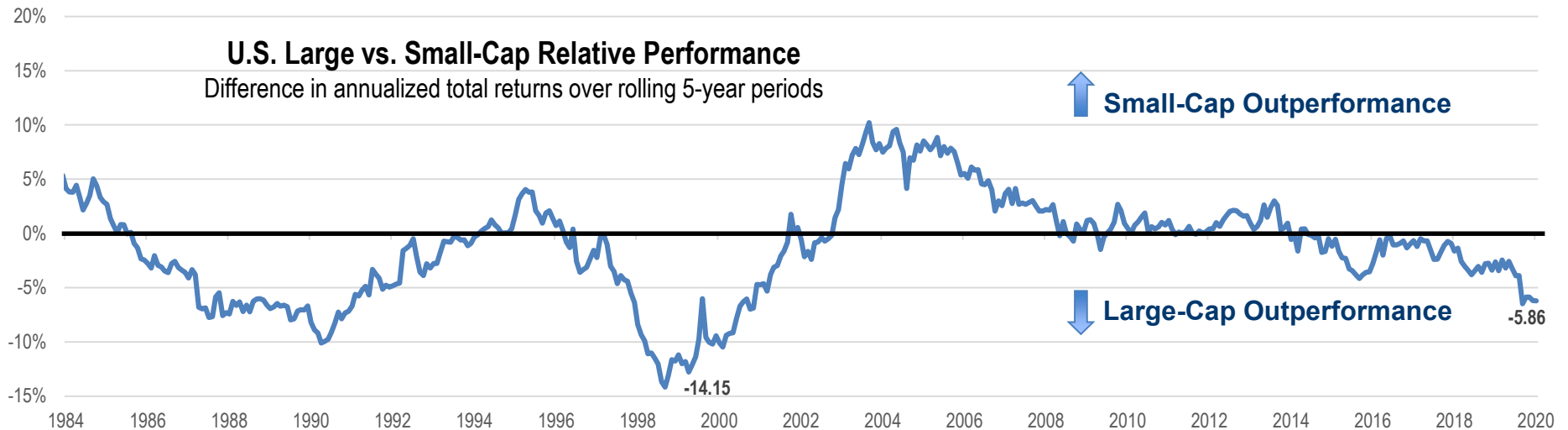


International Stocks



U.S. Large vs. Small-Cap Relative Performance

Difference in annualized total returns over rolling 5-year periods



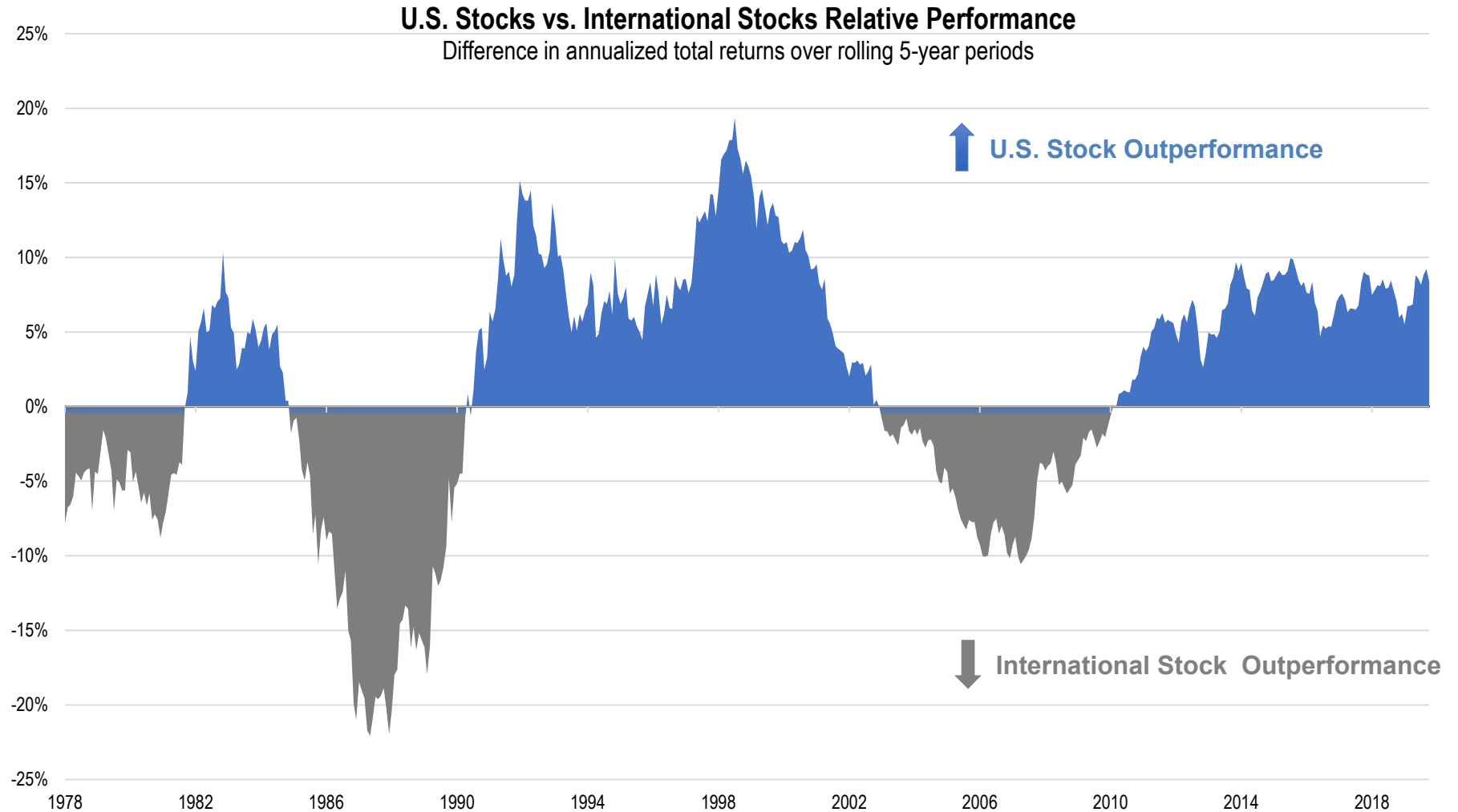
Source: YCharts, Morningstar Direct. Date range for lower chart: 12/31/1983 to 08/31/2020. U.S. Large-Cap Stocks are represented by the Russell 1000 TR USD. U.S. Small-Cap Stocks are represented by the Russell 2000 TR USD. International Large-Cap Stocks are represented by the MSCI ACWI Ex USA GR USD. International Small-Cap Stocks are represented by the MSCI ACWI Ex USA Small GR USD. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.



Market Review: U.S. vs. International Stocks

Historical Perspective

- U.S. stocks have outperformed international stocks over the last several years. However, international stocks do, at times, outperform international stocks, reinforcing the benefits of a globally diversified portfolio.



Source: Morningstar Direct. Date range for lower chart: January 1974 to September 2020. U.S. stocks are represented by the S&P500 TR Index. International stocks are represented by the MSCI EAFE GR USD Index. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

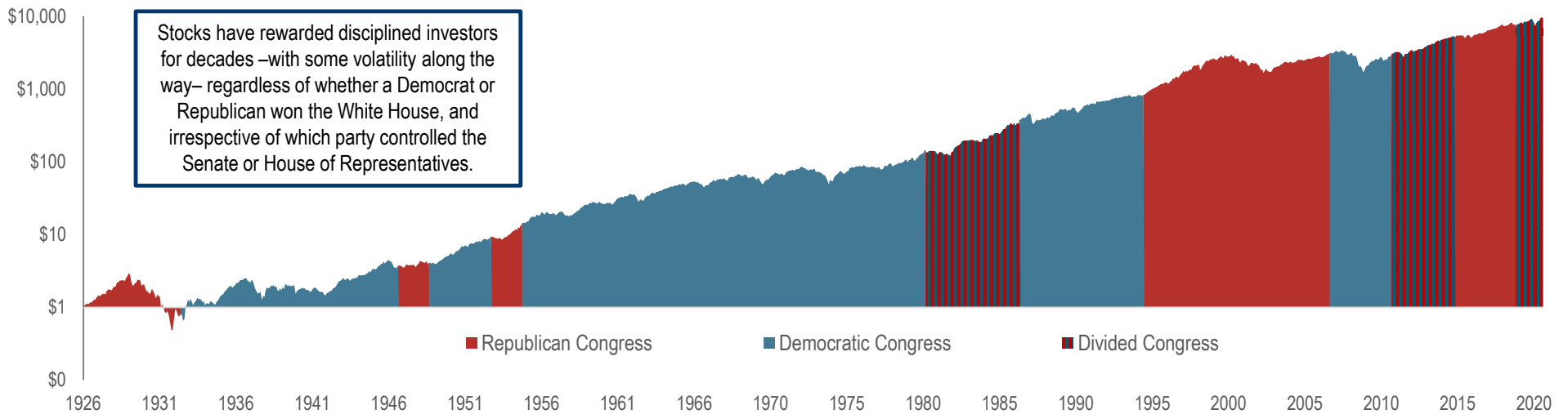
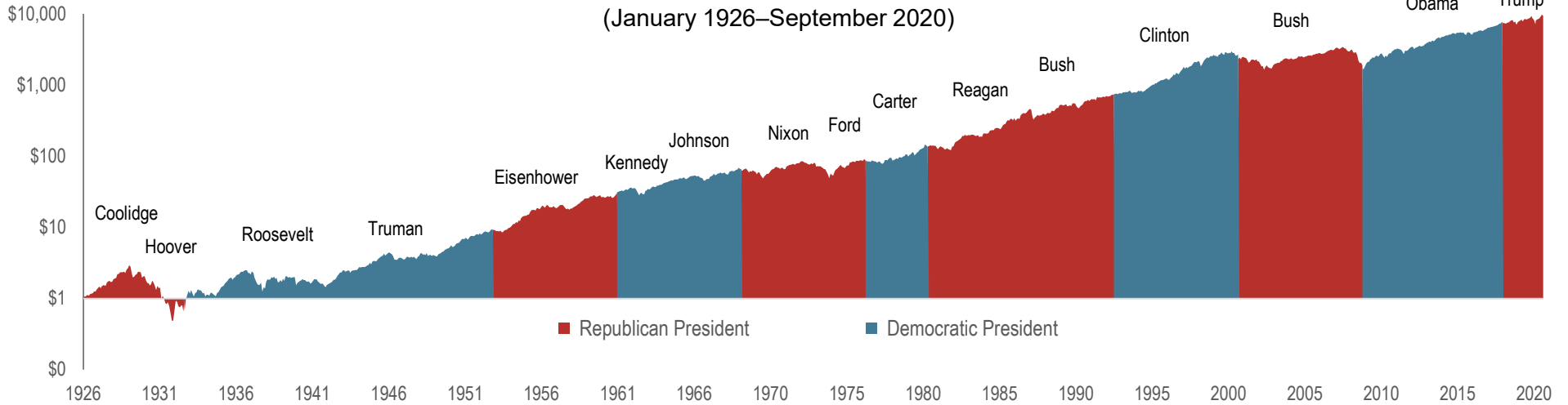


Market Review: U.S. Stocks across Presidential and Congressional Terms

Historical Perspective

Markets Have Trended Higher Under a Variety of Presidents and Party Controls of Congress

Growth of a Dollar Invested in U.S. Stocks
(January 1926–September 2020)



Stocks have rewarded disciplined investors for decades –with some volatility along the way– regardless of whether a Democrat or Republican won the White House, and irrespective of which party controlled the Senate or House of Representatives.

Source: Dimensional, S&P Dow Jones Indices. Y-axis shown with logarithmic scale. Data from October 1925 to September 2020. Analysis of U.S. Stocks represented by S&P 500 Index monthly price returns. Dates of party control are based on inauguration dates. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.



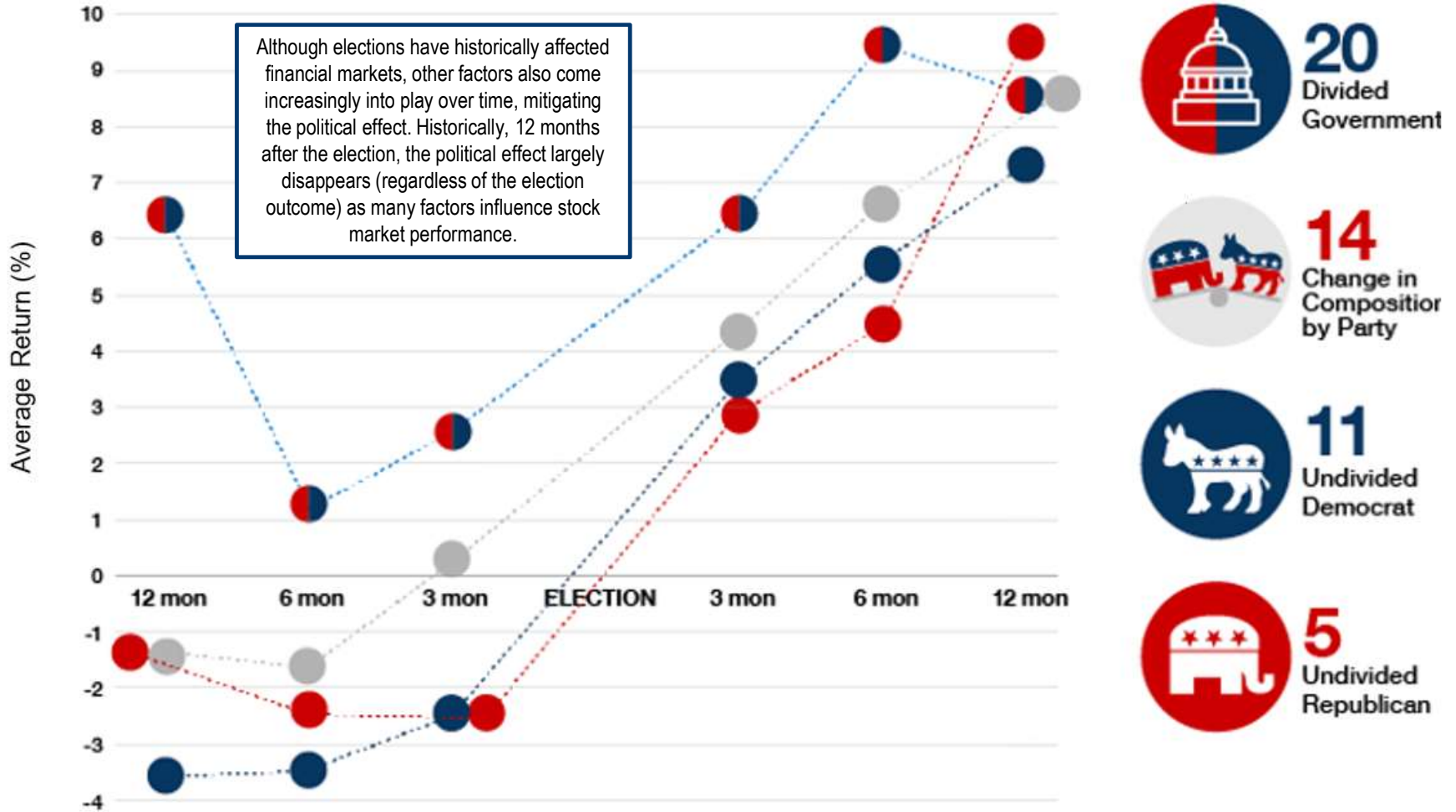
Market Review: U.S. Stock Market Returns Before and After Elections

Historical Perspective

Election Impact on Markets has Historically Been Short-Lived

Historical U.S. Stock Market Returns Before and After Elections

(50 elections events between 1948 and 2017)



Source: Lord Abbett, S&P Dow Jones Indices. Data from 1948 to November 2017. Analysis based on data tracking inflation-adjusted S&P 500 Index price returns. Election events include both off-election and presidential elections. Divided Government is when at least one out of three of the president, Senate, and House are in the hands of one party and the other two are in the hands of the other.



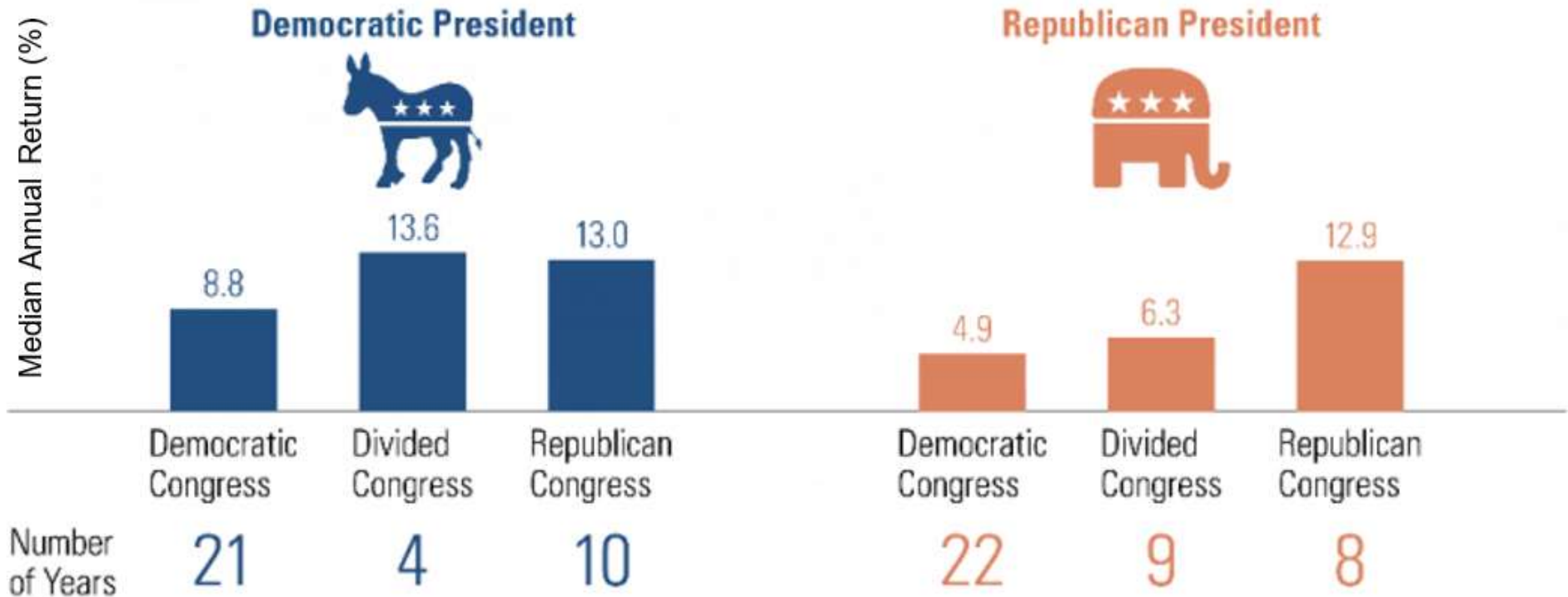
Market Review: U.S. Stock Market Returns Based on Party in Power

Historical Perspective

Markets Do Not Consistently Sell Off Under Democratic Control

Historical U.S. Stock Market Returns Based on Party in Power
(50 elections events between 1948 and 2017)

Certain partisan outcomes are frequently viewed as “bad for markets,” that is, investors are more likely to face negative stock returns. However, history has shown that regardless of the party in power in the White House or Congress, stock returns have tended to deliver positive returns for investors.



Source: Goldman Sachs, S&P Dow Jones Indices. Data from 1947 to December 2019. Analysis of data tracking S&P 500 Index calendar-year price returns. Returns show the median calendar-year price return for each Presidential party and corresponding Congressional party majority. Divided Congress refers to when the same party does not control the House of Representatives and Senate.



Market Review: Investment Strategy Comparison During Election Cycles

Historical Perspective

The Better Investment Strategy is to Stay Invested Around Elections

Two Hypothetical \$100K Investment Strategies During an Election Cycle

(Analysis of 22 Presidential Election Cycles since 1932)

Despite the uncertainty and higher market volatility, sitting on the sidelines in cash has rarely been the better investment strategy during an election. It is time in the market, not timing the market, that matters most.

Investor Strategy	Average Ending Value After 4-Year Holding Period		Better Outcome	88-Year Cumulative Value if Strategy Repeated Every 4-Years
	Starting Value	Ending Value		
Fully Invested This investor isn't concerned about the election uncertainty and stays fully invested around the election.	\$100,000	\$149,117	16 out of 22 election cycles	\$222,166,941
Sitting on the Sidelines Nervous about how elections affect markets, this investor moves the portfolio to cash in August, before the election, and waits until February after the inauguration to invest it again.	\$100,000	\$143,952	6 out of 22 election cycles	\$123,603,521

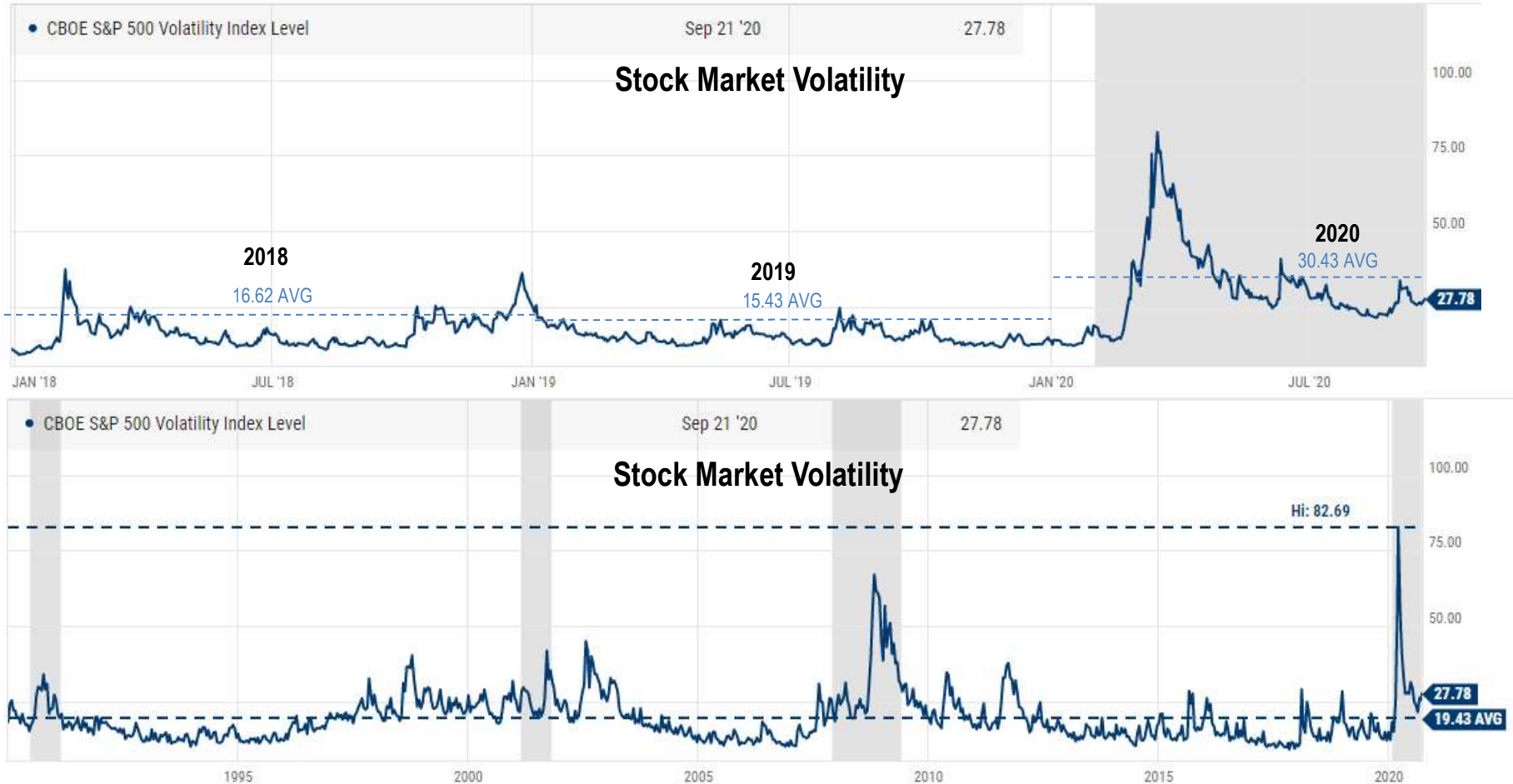
Source: Morningstar, S&P Dow Jones Indices, Barclays. Data from October 1932 to September 2020. . Analysis of data tracking S&P 500 Index (representing U.S. stocks) and US Treasury T-Bill 1 Month Index (representing cash) monthly returns. The analysis uses S&P 500 Index price returns up until 1970, and total returns thereafter. The two hypothetical investors each have \$100K to invest during an election cycle and are invested in a combination of U.S. stocks Treasury bills at all times. "Fully Invested" is always fully invested in U.S. stocks. "Sitting on the Sidelines" is entirely invested in cash from around three months prior to the election (August) until after inauguration (February); and then fully invested in U.S. stocks thereafter. Returns and portfolio values are calculated monthly. Analysis starts on August 1st of each election year and reflects a four-year holding period.



Market Review: Market Volatility

CBOE S&P 500 Volatility Index

- Stock market volatility hit a post-financial crisis high of 82.7 in March, after spending most of the past decade in the teens with only brief spikes above 20. Market volatility has remained in the high 20s even as the stock market has steadily rebounded from its tumultuous selloff.



- 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. Derived from the price inputs of the S&P 500 index options, the VIX provides a measure of market risk and investors' sentiments.

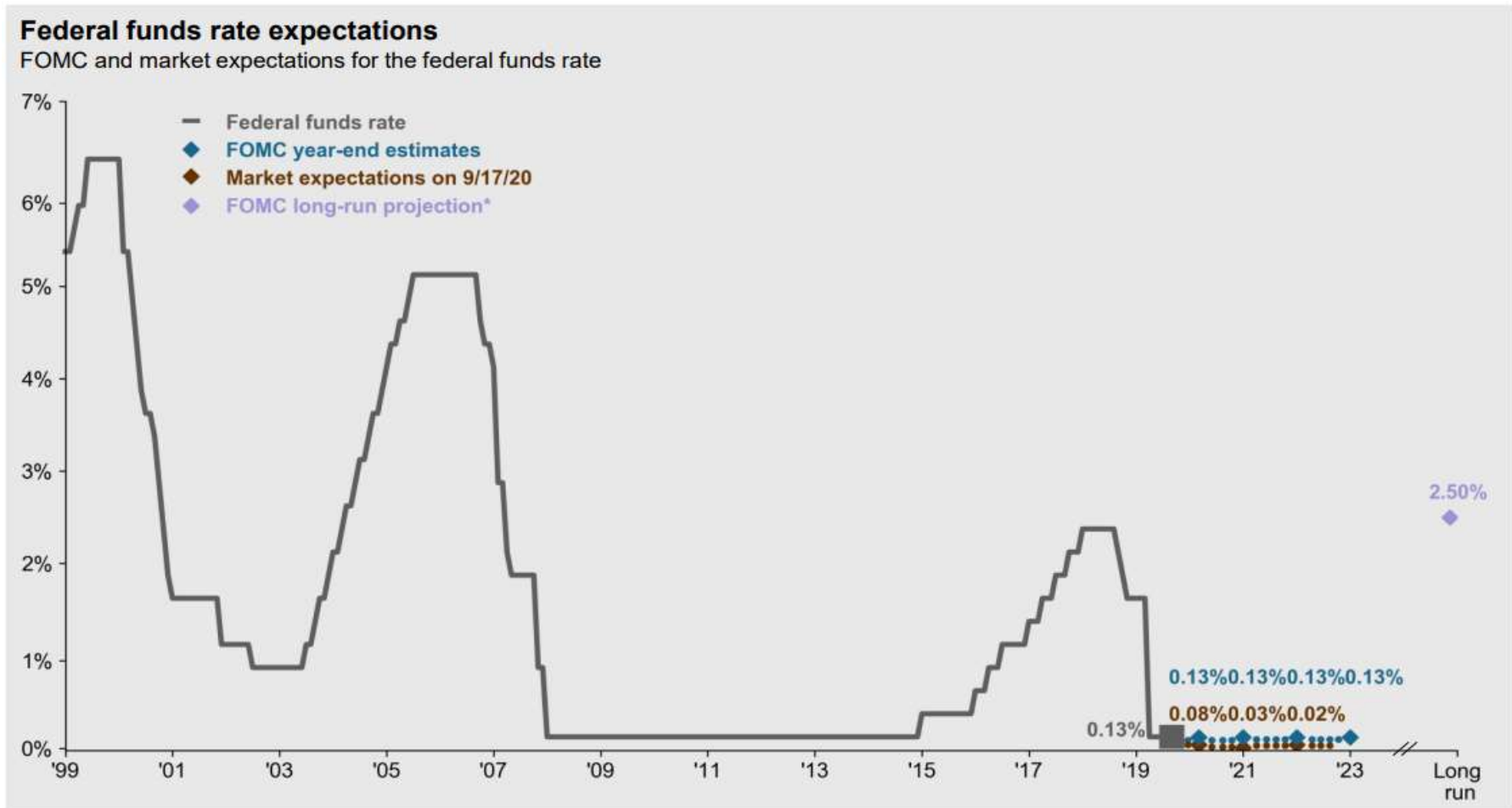




Market Review: Interest Rates

Federal Funds Rate

- The Federal Reserve has cut their short-term interest rate target down to zero. Current expectations are for the Fed to keep interest rates low until at least 2023.



- The federal funds rate is rate at which banks can borrow and lend to each other overnight. It is one of the most influential interest rates in the U.S. economy because it affects other short-term and long-term lending rates in the U.S. economy (e.g., credit cards, mortgages, home equity lines, etc.). Market expectations are the federal funds rates priced into the fed futures market as of the following date of the September 2020 FOMC meeting and are through August 2023.
*Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy.

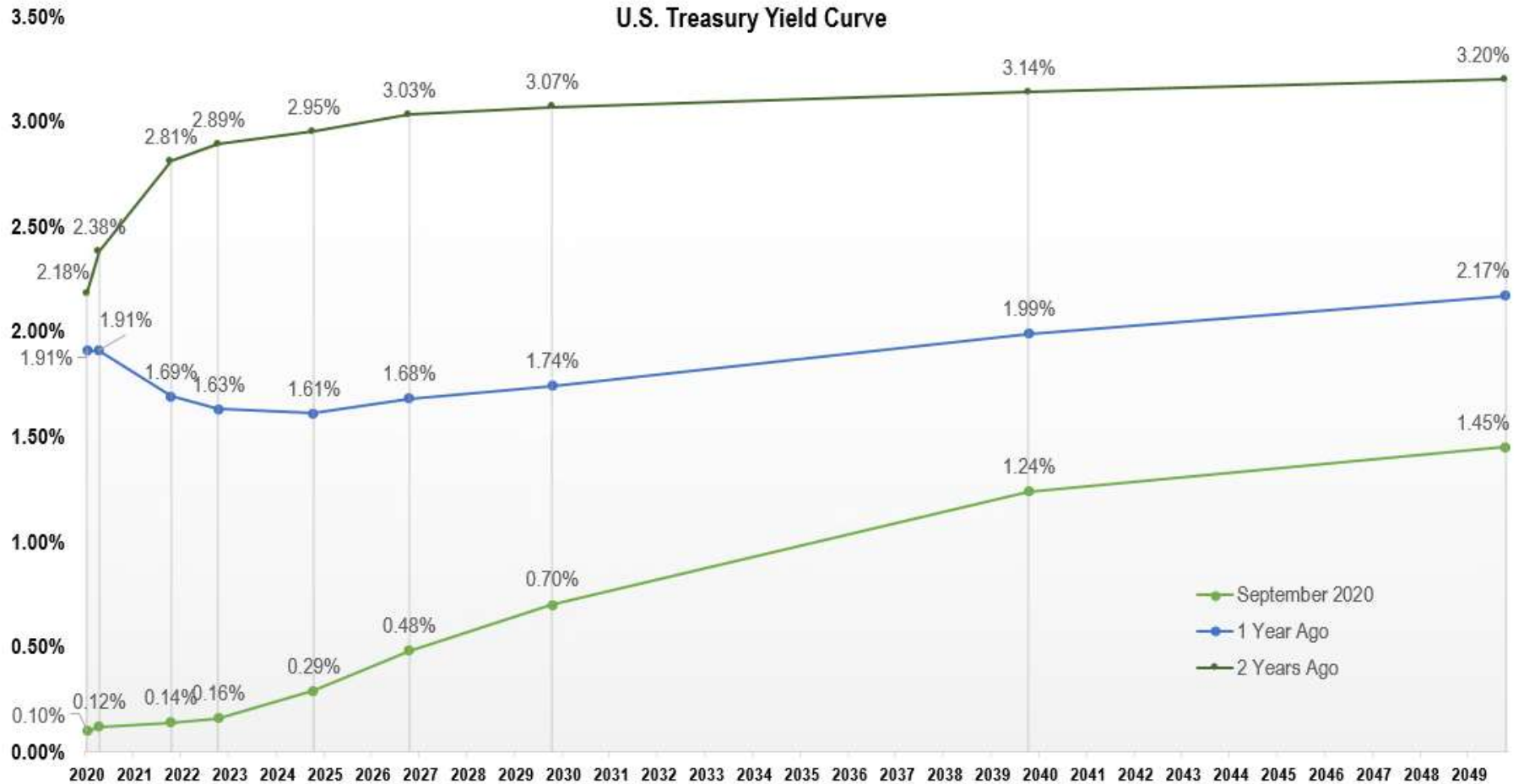
Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management. Data as of September 2020. Past performance is not a guarantee of future results.



Market Review: Interest Rates

Treasury Yield Curve

- Interest rates on U.S. treasury bonds across all maturities have fallen significantly over the last two years. Short-term interest rates have declined in line with Federal Reserve rate cuts while long-term rates have declined due to lower growth and inflation expectations.



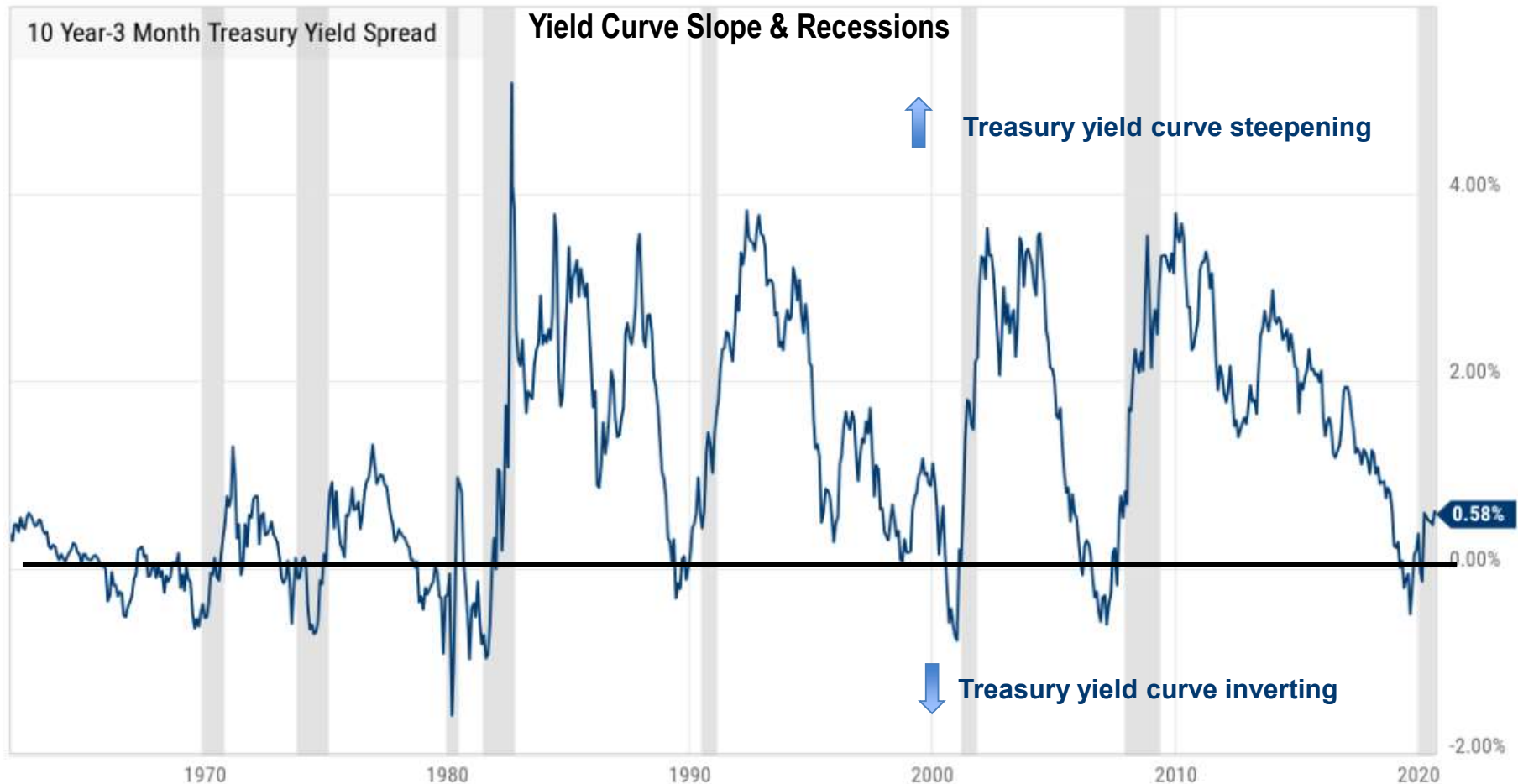
- The Treasury Yield Curve is a graph of the interest rates (yields) of U.S. government bonds plotted against the time they have to maturity. Treasury yields impact consumer and business borrowing rates (e.g., 10-year Treasury yields influence 30-year mortgage rates).



Market Review: Interest Rates

Treasury Yield Curve Slope

- The yield curve has steepened all the way back to 2018 levels and can be taken as a bullish vote for economic growth to increase in the coming years. However, the yield curve has steepened less than in previous recessions.



- The slope of the yield curve provides an important clue to the direction of future short-term interest rates; an upward sloping curve generally indicates that the financial markets expect higher future interest rates (i.e., a stronger economy); a downward sloping curve indicates expectations of lower rates in the future..

Source: YCharts. Data as of September 2020. Past performance is not a guarantee of future results.
Shaded areas indicate past U.S. recessions.



Market Review: Interest Rates

US 10-Year Treasury Yields

- The 10-Year treasury yield, which various borrowing rates are based on, is currently near an all-time low. Longer-term treasury yields have been held back by continued high demand for safety and expectations for relatively low economic growth with muted inflation.



- The 10-year treasury yield is the benchmark yield that borrowing rates for mortgage rates and home equity loans, Federal student loans (once a year in May reset) are based on.

Source: YCharts. Data as of September 2020. Past performance is not a guarantee of future results. Shaded areas indicate past U.S. recessions.



Market Review: Interest Rates

Fixed Mortgage Rates

- ❑ Mortgage rates have recently set record lows, which is adding to the fierce competition for housing. Low rates have also kept the heat on home prices, as buyers have additional purchasing power.



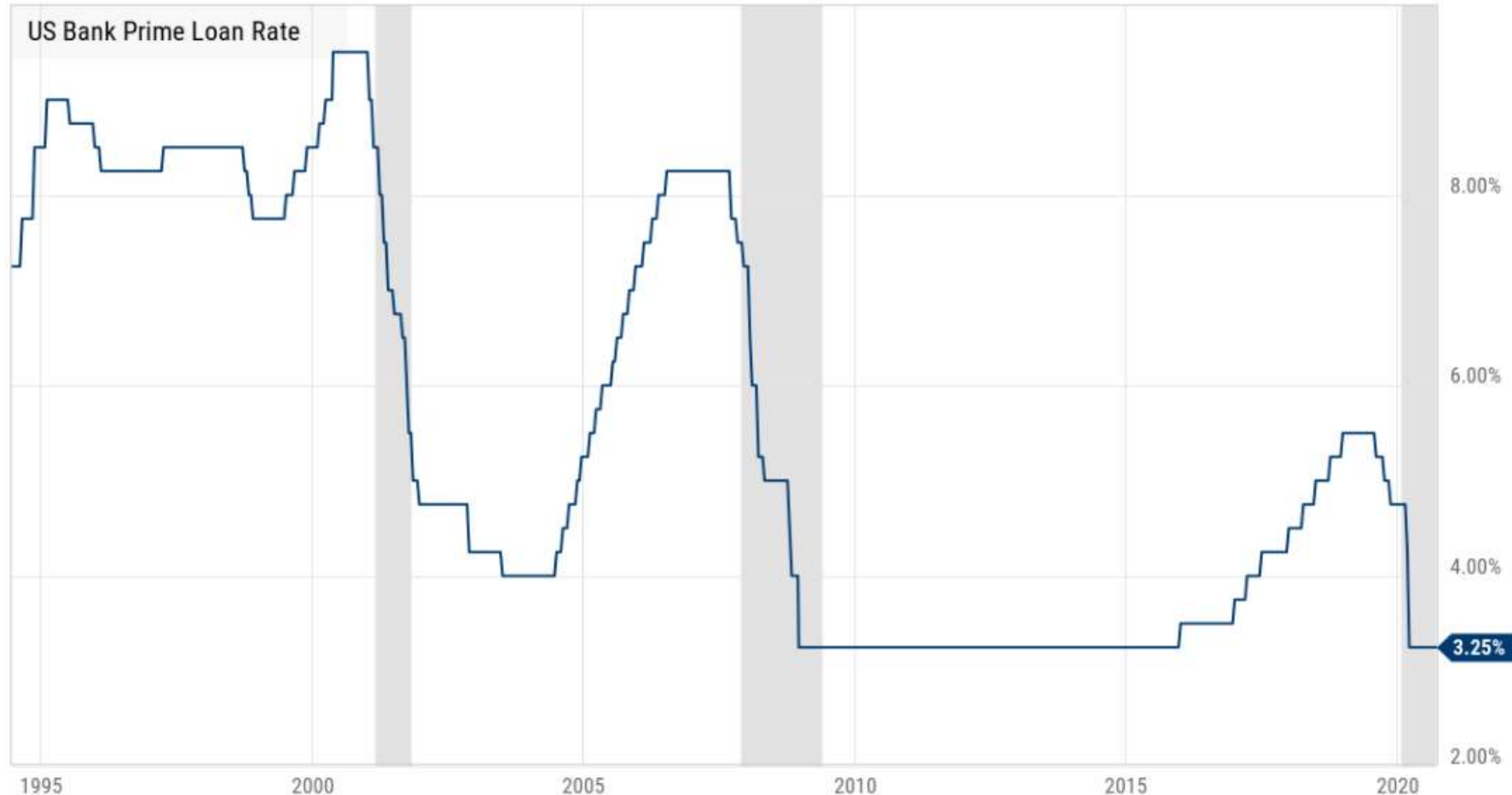
Source: YCharts, Freddie Mac. Data as of September 2020. Past performance is not a guarantee of future results. Shaded areas indicate past U.S. recessions.



Market Review: Interest Rates

Prime Rate

- Many of the major banks lowered their prime rates following the Federal fund rate cuts this year. Rates on credit cards, brokerage margin loans, and home equity lines of credit remain low by historical standards.



- The prime rate is the interest rate that commercial banks charge their most credit-worthy customers and large corporations. The prime interest rate, or prime lending rate, is largely determined by the federal funds rate; the prime rate is also important for individual borrowers as it influences credit card rates, 401(k) loans, and home-equity lines of credit.

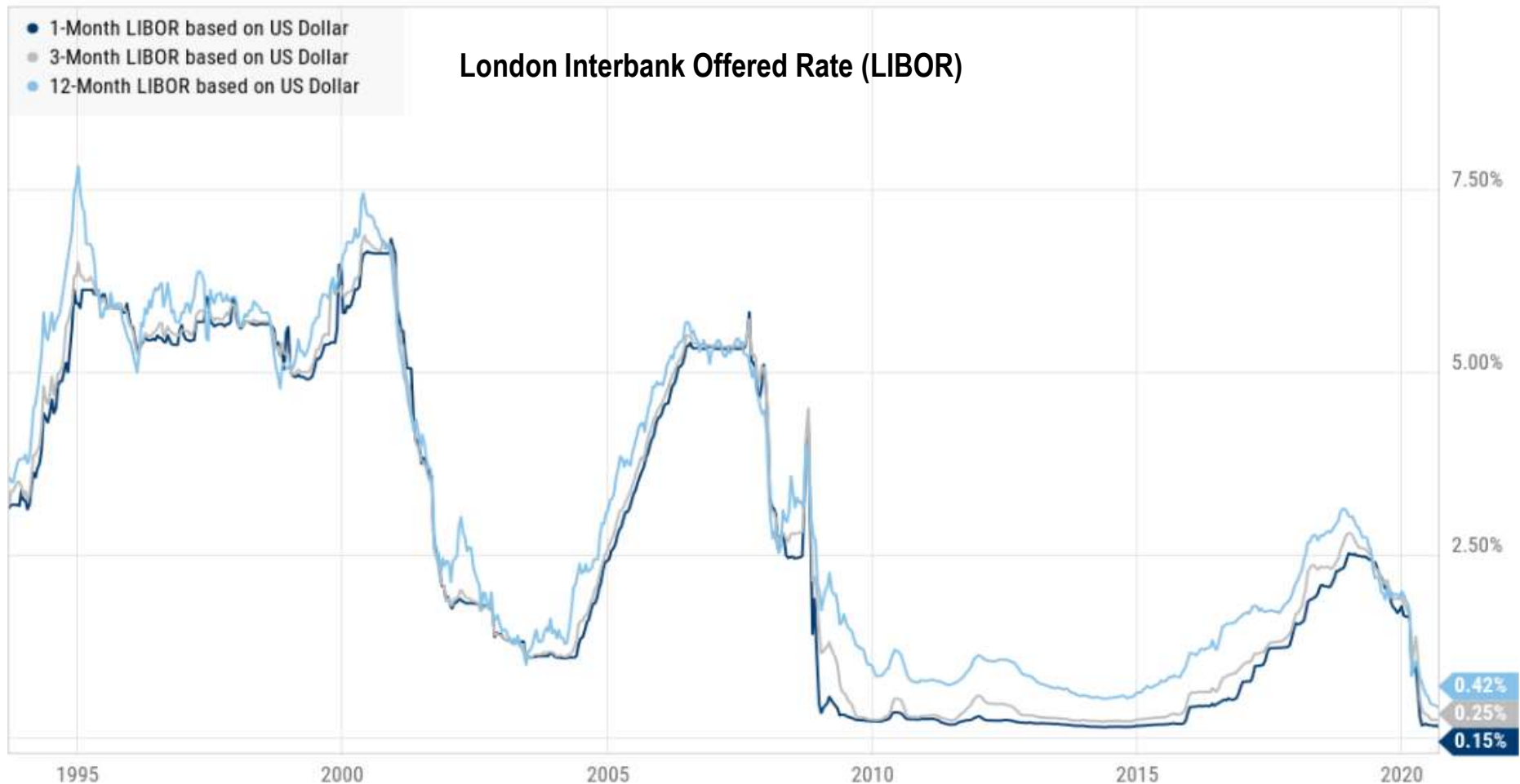
Source: Board of Governors of the Federal Reserve System (US), YCharts. Data as of September 2020. Past performance is not a guarantee of future results. Shaded areas indicate past U.S. recessions.



Market Review: Interest Rates

London Interbank Offer Rate (LIBOR)

- LIBOR rates have recently declined to historical lows. Rates on variable rate loans (e.g., ARMs) and leveraged loans have come down as a result.



- The Intercontinental Exchange London Interbank Offered Rate (LIBOR or ICE LIBOR) is a benchmark rate that some of the world's leading banks charge each other for short-term loans. It stands for and serves as the first step to calculating interest rates on various loans throughout the world.

Source: YCharts, ICE. Data as of September 2020. Past performance is not a guarantee of future results. Shaded areas indicate past U.S. recessions.



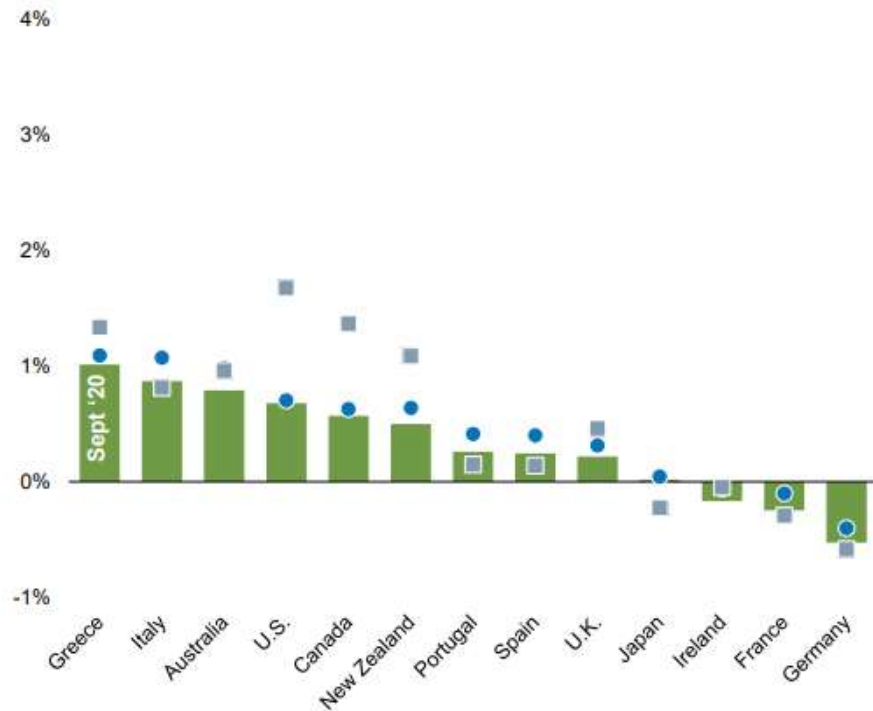
Market Review: Interest Rates

Government Bond Yields (10-Year)

Amongst almost all other developed market countries, U.S. government bonds still offer one of the highest yields. Emerging market bond yields remain amongst the highest in the world but come with greater geopolitical and policy risk.

Sovereign Bond Interest Rates

Developed Markets (10-Yr. Yield)



Emerging Markets (10-Yr. Yield)



Source: Easton Vance, Factset. Data as of 09/30/2020. Past performance is not a guarantee of future results.



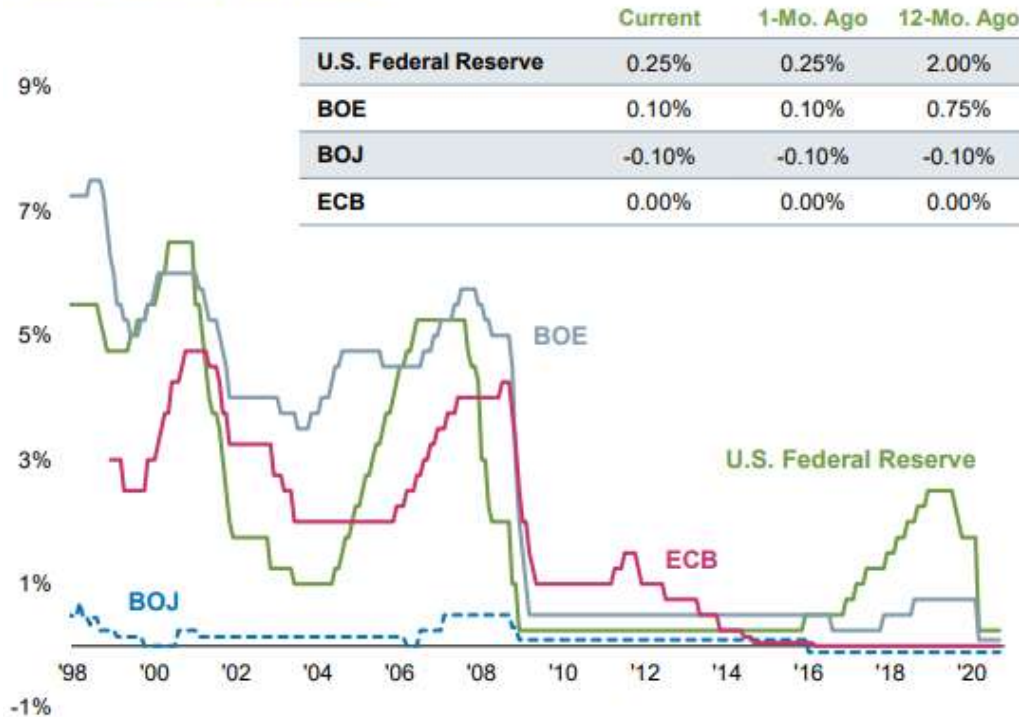
Market Review: Interest Rates

Global Central Bank Policy Rates

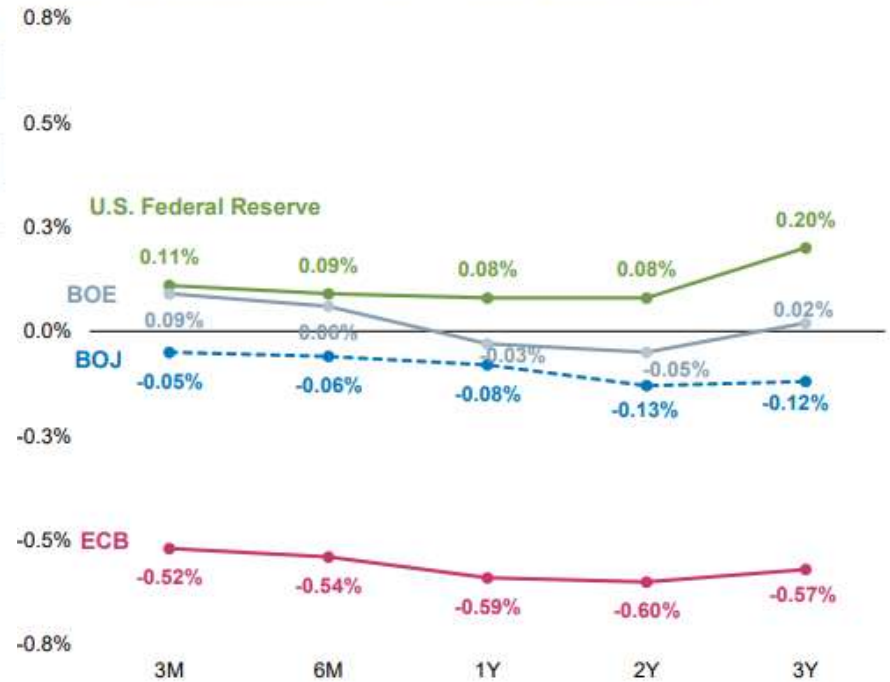
- Market expectations are for major central banks around the world to keep rates low (or negative) over the next two to three years in order to stimulate economic growth, particularly with low inflation expectations.

Central Bank Policy Rates and Expectations

Central Bank Policy Rates



Market Expectations for Future Central Bank Rates



Source: Easton Vance, Factset. Data as of 09/30/2020. Past performance is not a guarantee of future results.



Market Review: Inflation Expectations

U.S. Breakeven Rates

- Market expectations of future inflation in the U.S. are low. Expectations are for sub-2% inflation which is considered a muted level of inflation under what has historically been Fed's target rate of inflation.



- Breakeven rates are market-based inflation indicators. They are the differential between nominal (non-inflation-adjusted) Treasuries and Treasury-Inflation-Protected-Securities. Policy makers pay close attention to inflation expectation because they can influence firms' and households' spending decisions, which affect actual prices.

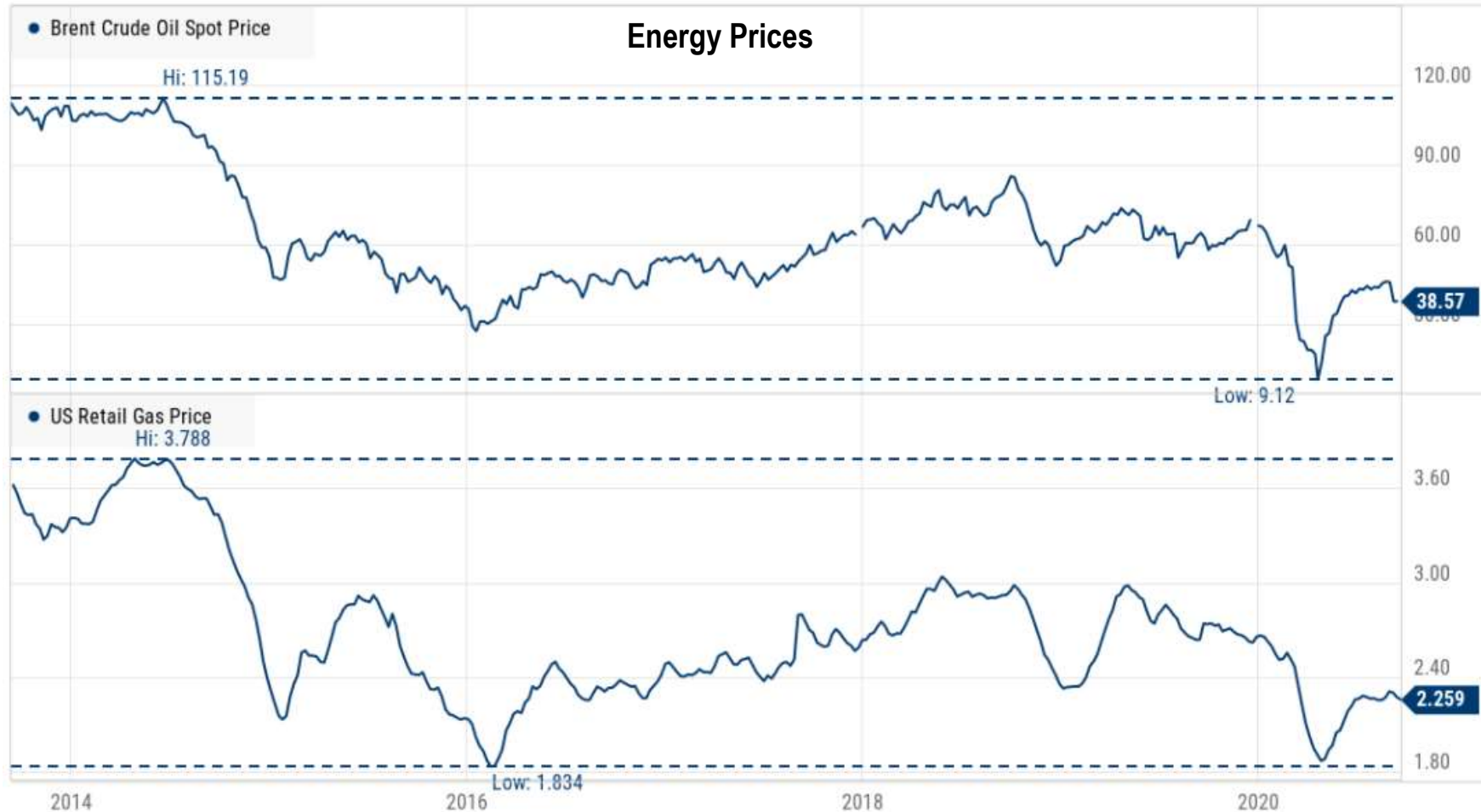
Source: YCharts. Data as of September 2020. Past performance is not a guarantee of future results. Shaded areas indicate past U.S. recessions.



Market Review: Energy Prices

Oil & Gas

- This year has been a year to forget for the energy sector. Energy prices plummeted as global lockdowns lead to significantly weaker energy demand amid a price war between Saudi Arabia and Russia. Oil and gas prices bottomed in late-April but have partially rebounded due to supply cuts and some demand pick up.



Source: YCharts, Energy Information Administration. Data as of September 2020. Past performance is not a guarantee of future results.



Markets Review: Currency

- In 2020, as COVID-19 spread globally and markets came under pressure, the dollar appreciated sharply, primarily driven by the currency's historical "safe haven" status. Since then, however, the dollar has depreciated, driven by falling U.S. interest rates and a substantial trade deficit and surging fiscal deficit.



- The Dow Jones FXCM Dollar Index is an index of the value of the United States dollar relative to a basket of four currencies: the Euro, the British Pound, the Japanese Yen, and the Australian Dollar. On its inception, January 1, 2011, USDOLLAR began with a value of 10,000. The index rises when the US dollar gains value against the other four currencies. The Index falls when the US Dollar loses value against the other currencies.

Source: YCharts. Data as of September 2020. Past performance is not a guarantee of future results.



Markets Review: Valuations

Stock Valuations

- Stock valuations are currently at the top end of their recent historical range. This is due to the significant rebound in stock prices since late-March, historical-low interest rates, and lower earnings expectations over the next 12 months. Despite elevated valuations, stocks remain attractive relative to bonds and cash.

Next-12-Month Price-to-Earnings Ratios vs. 10-Year High, Low, Average



Source: Eaton Vance, Factset. Data as of 09/30/2020. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

NTM P/E is market price per share divided by expected earnings per share over the next twelve months. ...

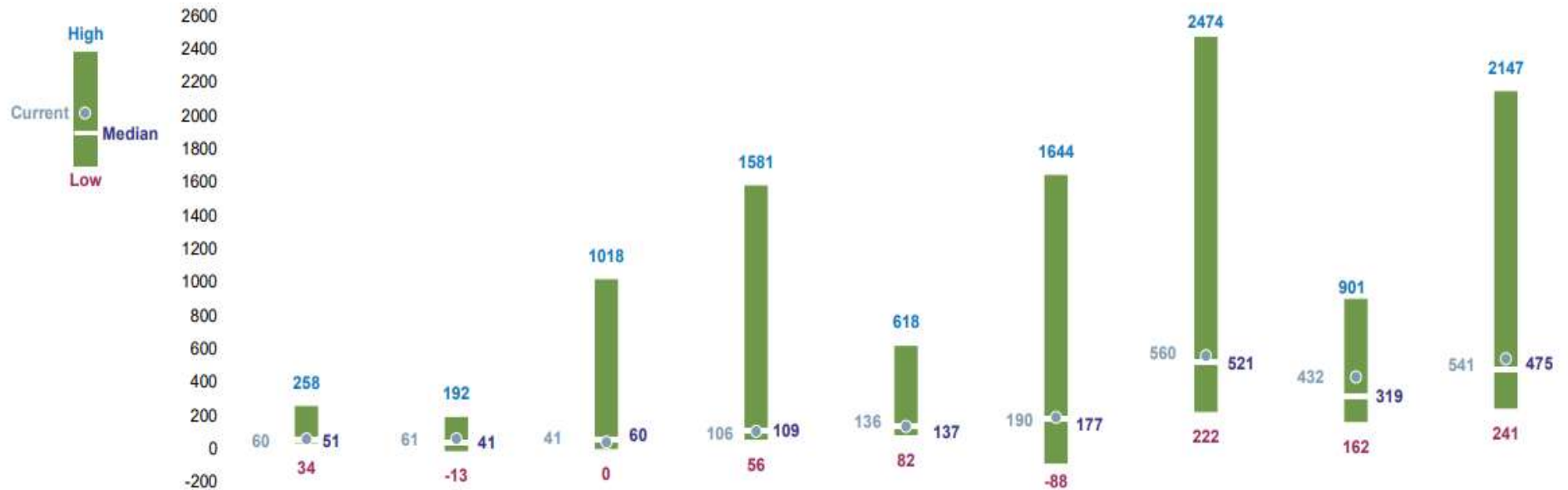


Markets Review: Valuations

Bond Valuations

- Bond valuations are also very high due to strong investor demand, particularly for investment-grade bonds. Credit spreads are not as tight for lower-grade bonds given elevated investor concerns and uncertainty. .

Credit Spreads vs. 15-Year High, Low, Median



	Aggregate	MBS	ABS	CMBS	Corporate	Preferred	Floating-Rate Loans	Emerging Markets (USD)	High Yield
Max Spread Date	12/3/2008	12/3/2008	1/6/2009	11/21/2008	12/3/2008	3/9/2009	12/19/2008	10/24/2008	12/15/2008
Min Spread Date	1/31/2018	7/27/2010	10/1/2009	1/31/2018	2/22/2007	12/6/2017	3/31/2006	6/1/2007	6/1/2007
Spread on 12/31/19	39	39	44	72	93	17	461	291	360
Spread on 12/31/18	54	35	53	86	153	242	551	415	533
Spread on 12/31/17	36	25	36	62	93	-30	405	285	358

Source: Eaton Vance, Factset. Data as of 09/30/2020. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.



Economic Review

Overview

Overview

- Coronavirus
- U.S. Growth
- U.S. Inflation
- U.S. Job Market
- U.S. Consumer
- U.S. Housing Market

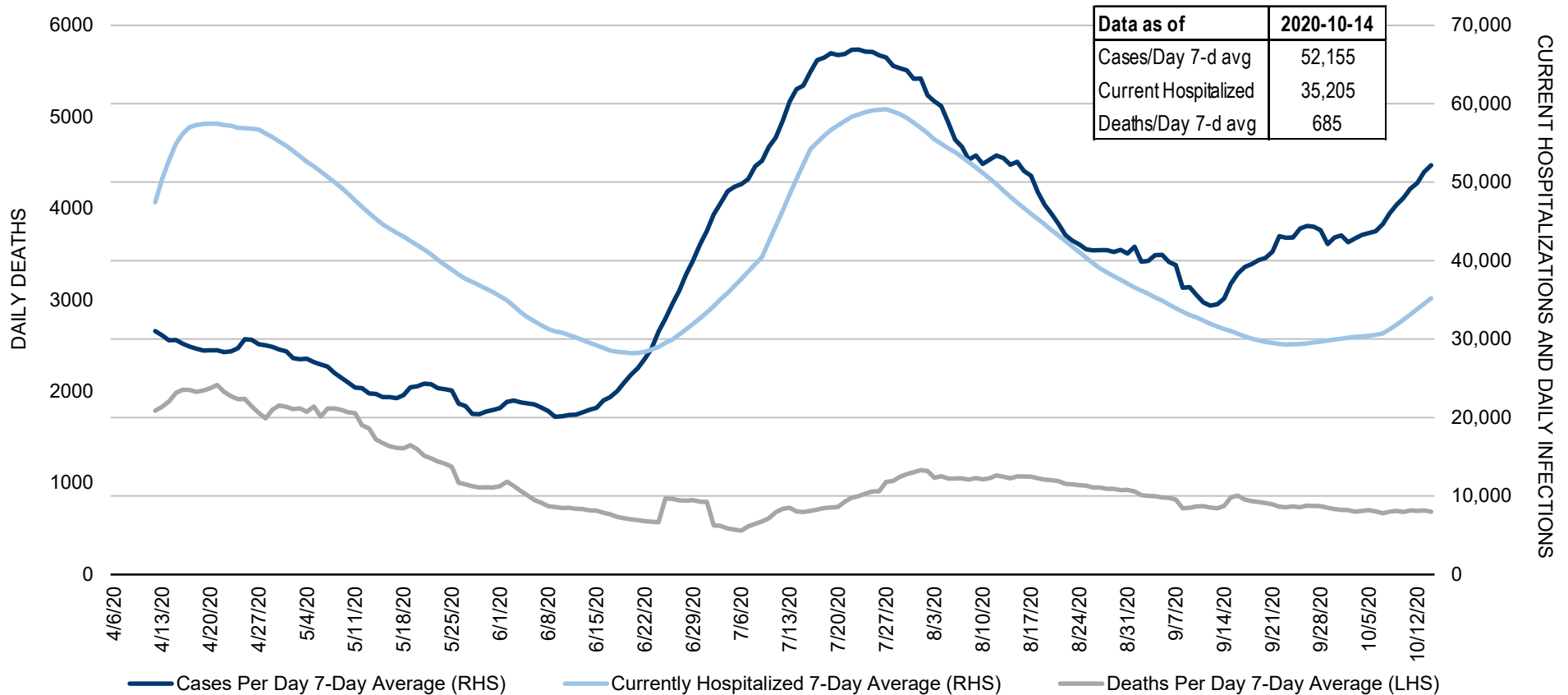


Coronavirus

U.S. Daily Cases, Deaths, and Current Hospitalizations

- The number of total U.S. infections and hospitalizations have been rising since mid-September and remains elevated heading into the fall and winter seasons.

US Coronavirus Tracking



- The COVID Tracking Project collects information from 50 US states, the District of Columbia, and 5 other US territories to provide the most comprehensive testing data for the novel coronavirus, COVID-19 (SARS-CoV-2). They attempt to include positive and negative results, pending tests, and total people tested for each state or district currently reporting that data..

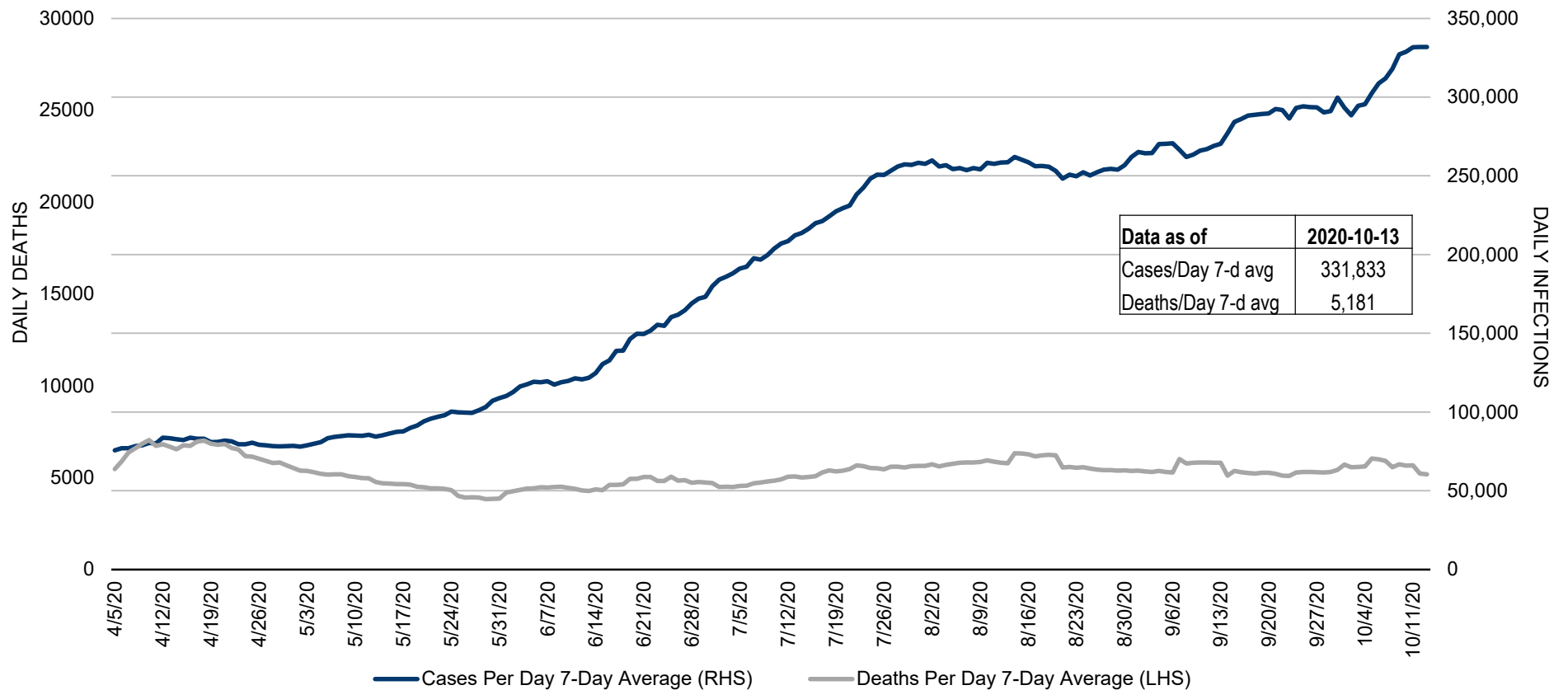


Coronavirus

World Daily Cases and Deaths

- The average daily rate of new infections is rising across the world. According to some health experts, the rise in infections is partly because millions of people are relaxing their infection prevention behavior and are longing to get back to normal life.

US Coronavirus Tracking



- Housed in the Johns Hopkins Department of Civil and Systems Engineering, The John Hopkins Center for Systems Science and Engineering takes a multidisciplinary approach to modeling, understanding, and optimizing systems of local, national, and global importance.



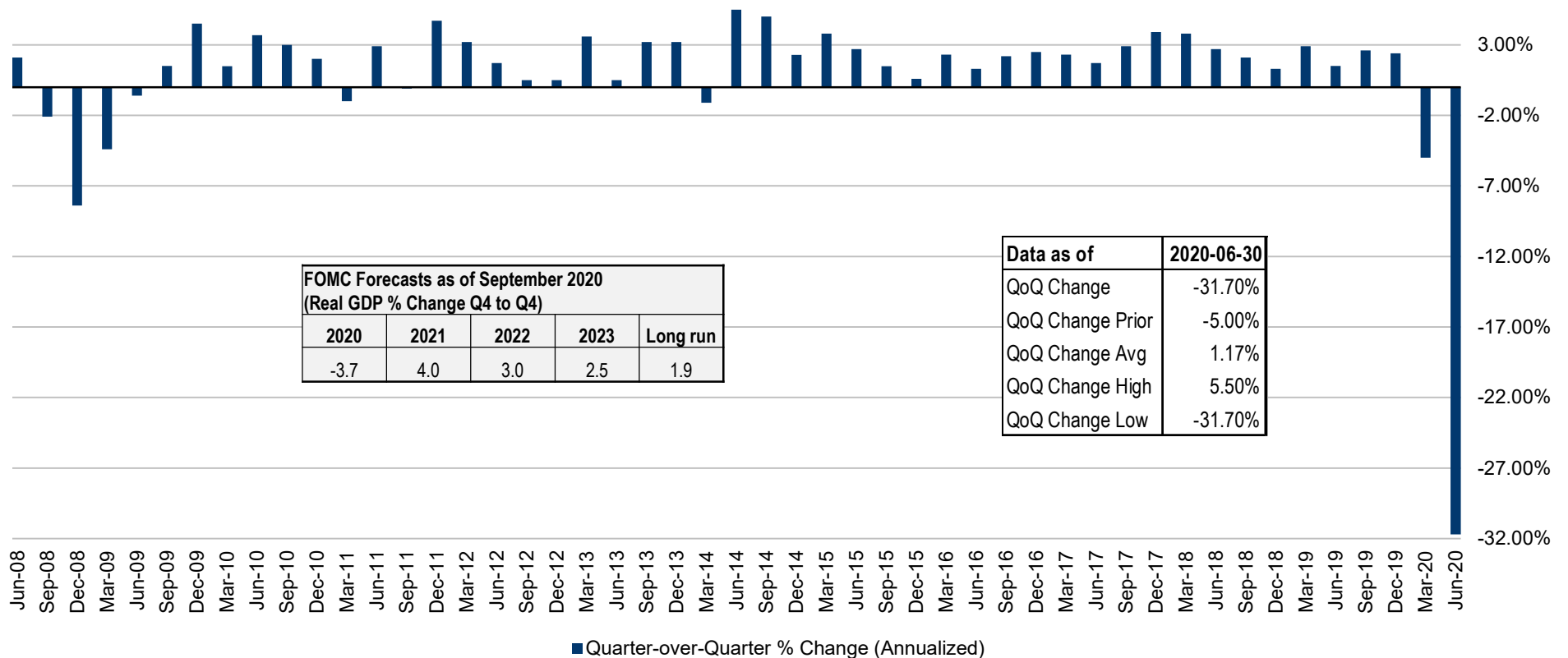


Economy: US Growth

Gross Domestic Product (GDP)

- The second-quarter contraction was the sharpest in more than 70 years of record-keeping. But the annualized figure assumes the economy shrinks at the same pace for a year, which is not expected. On the contrary, recent data indicate output grew in the third quarter.

US Real GDP Growth



- Gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period. Though GDP is usually calculated on an annual basis, it can be calculated on a quarterly basis as well. GDP includes all private and public consumption, government outlays, investments and exports minus imports that occur within a defined territory. GDP is a broad measurement of a nation's overall economic activity.

Source: YCharts, Bureau of Economic Analysis, Federal Reserve, JPMorgan Asset Management.

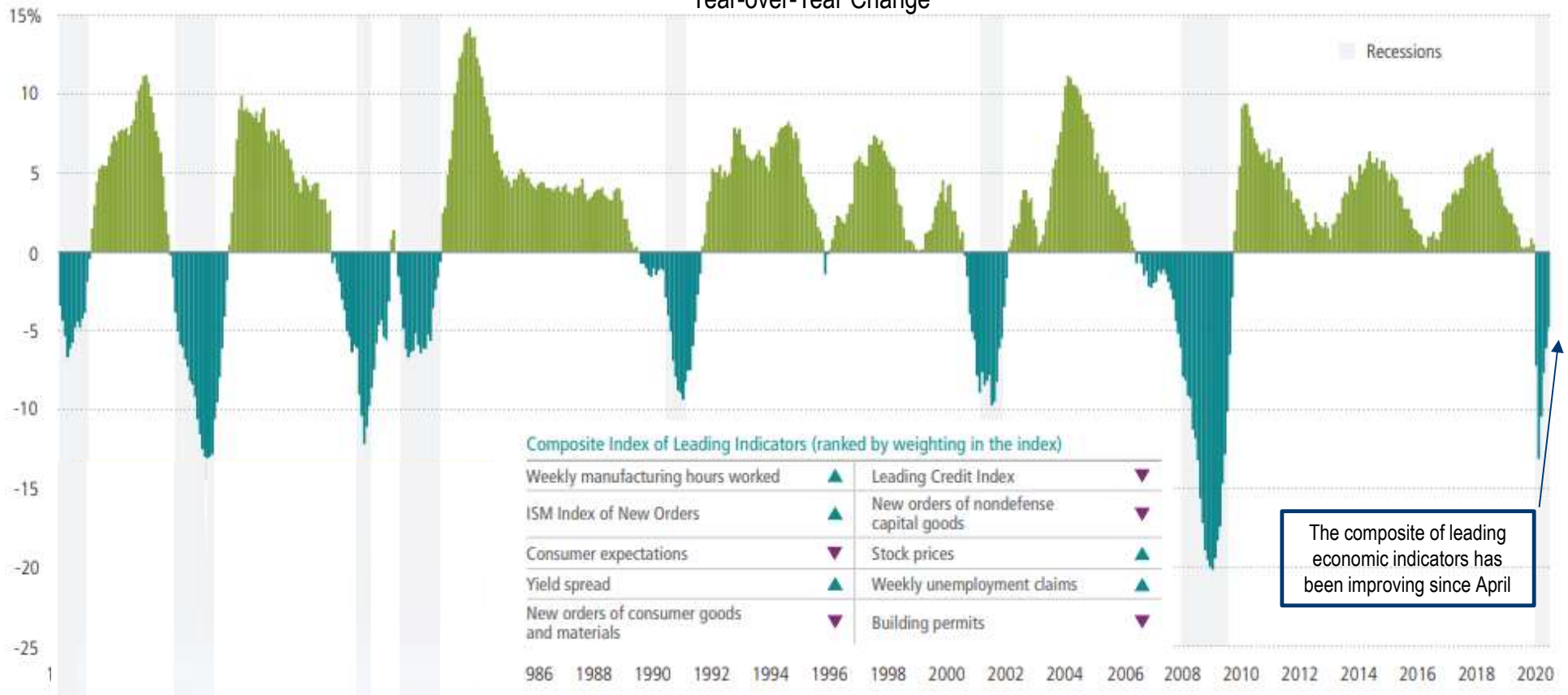


Economy: US Growth

Leading Economic Indicators

- The composite of leading economic indicators has been improving since April, reflecting the U.S. economy's reopening. While broader conditions and a resurgence of new COVID-19 cases suggest the economy will grow more gradually, improvements should continue.

Leading Economic Indicators (Composite Index)
Year-over-Year Change



- The Composite Index of Leading Indicators is an index published monthly by The Conference Board, used to predict the direction of the economy's movements in the months to come. The index is made up of 10 economic components whose changes tend to precede changes in the overall economy.

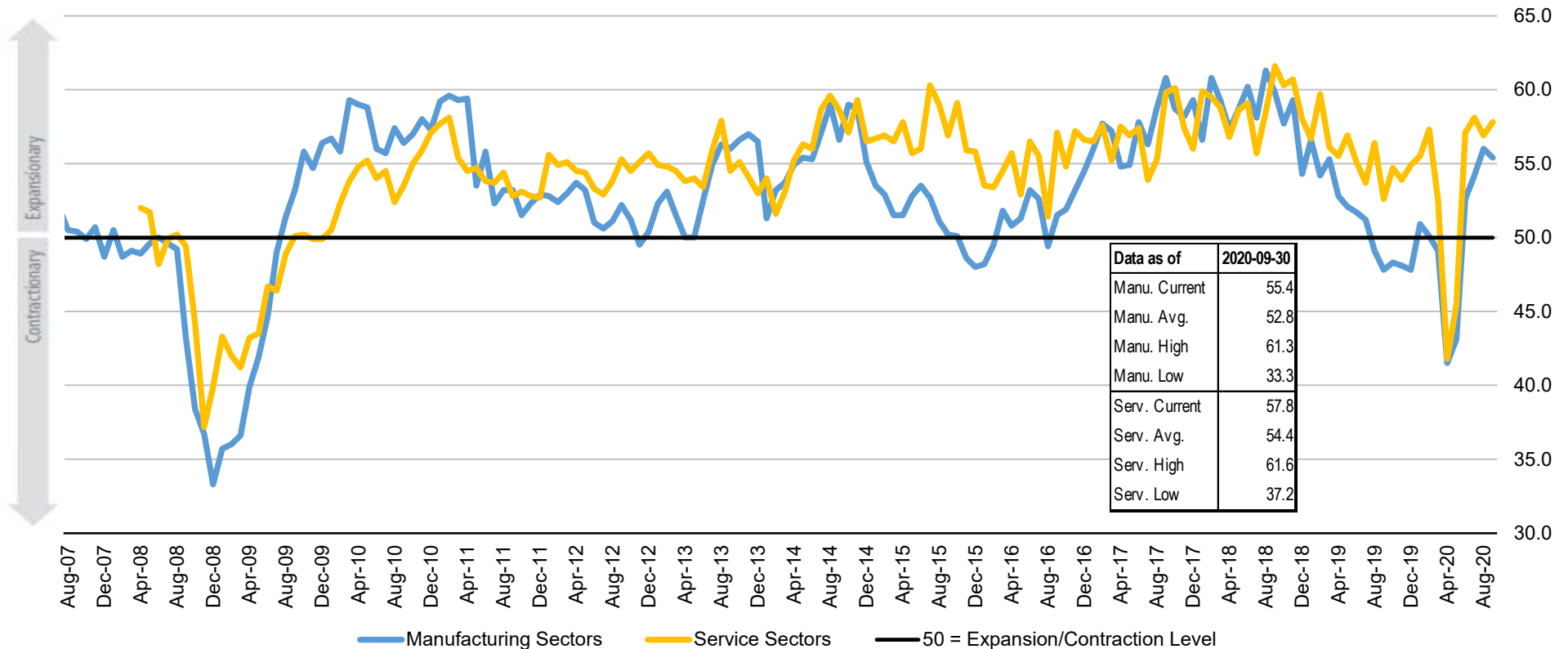


Economy: US Growth

Manufacturing & Service Sectors

- Activity in both U.S. manufacturing and service sectors expanded in September for the fourth straight month. Both sectors were hard hit by the measures taken to contain the spread of COVID-19 but have since snapped back to reflect growth in both segments.

US Manufacturing & Service Sector Purchasing Managers Index



- The Purchasing Managers Index (PMI) is an indicator of the economic health of the manufacturing and service sectors. The PMIs based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. It provides information about current business conditions to company decision makers, analysts and purchasing managers. It is produced from monthly surveys sent to purchasing executives at approximately 300 companies. Readings over 50 imply expansion.



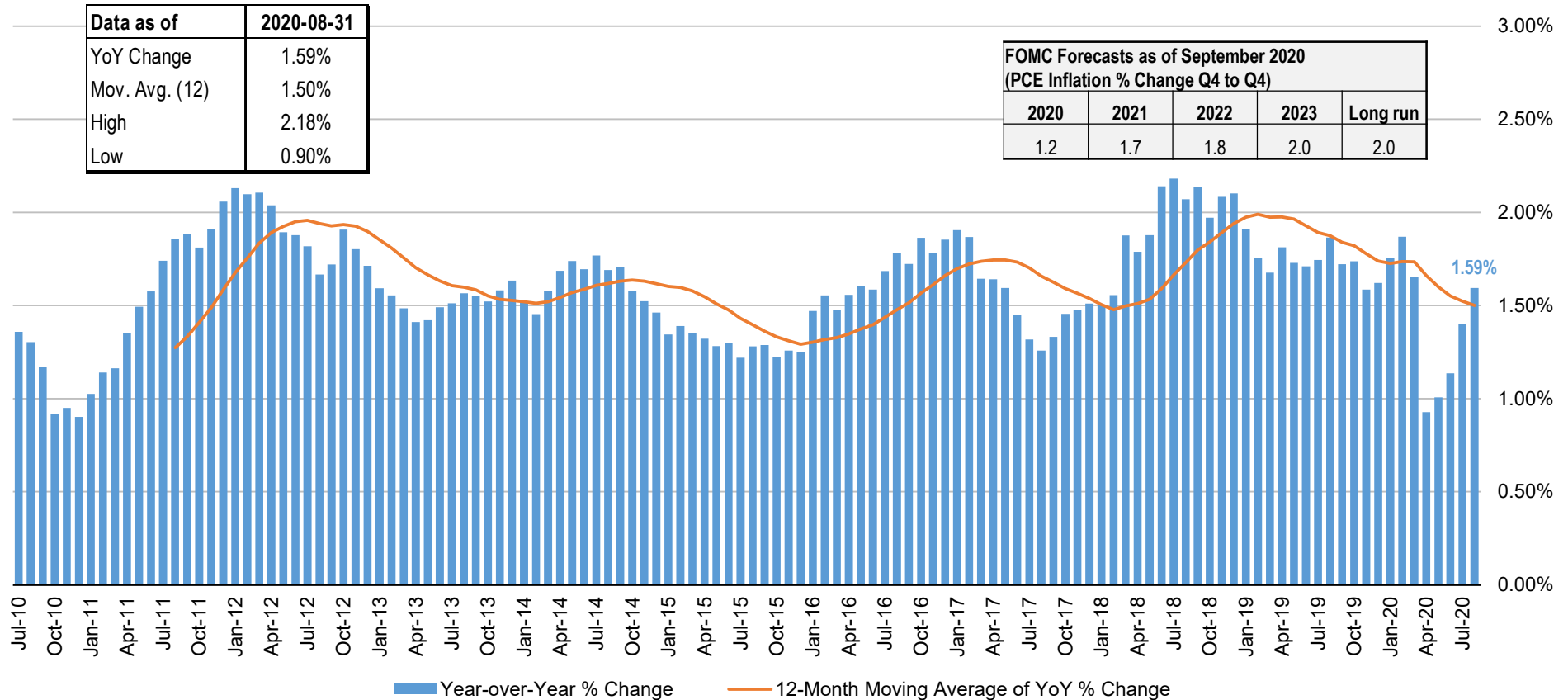


Economy: US Inflation

Core Personal Consumption Expenditures Price Index (Core PCE)

- The declining inflation trend has continued into 2020. The Federal Reserve's preferred measure of inflation, Core PCE, has fallen significantly since mid-2018, after it finally reached their target of 2%. Forecasts are now for 1.2% Core PCE inflation for all of 2020 and 1.7% in 2021.

US Core PCE Price Index



- The Core Personal Consumption Expenditures (PCE) Price Index is a measure of the price changes of consumer goods and services excluding food and energy. While it shares similarities with the Consumer Price Index (CPI), it is considered a more comprehensive, dynamic and reliable inflation metric. The Fed prefers it when reviewing economic conditions.



Source: YCharts, Bureau of Economic Analysis (Commerce Department), Federal Reserve, JPMorgan Asset Management.

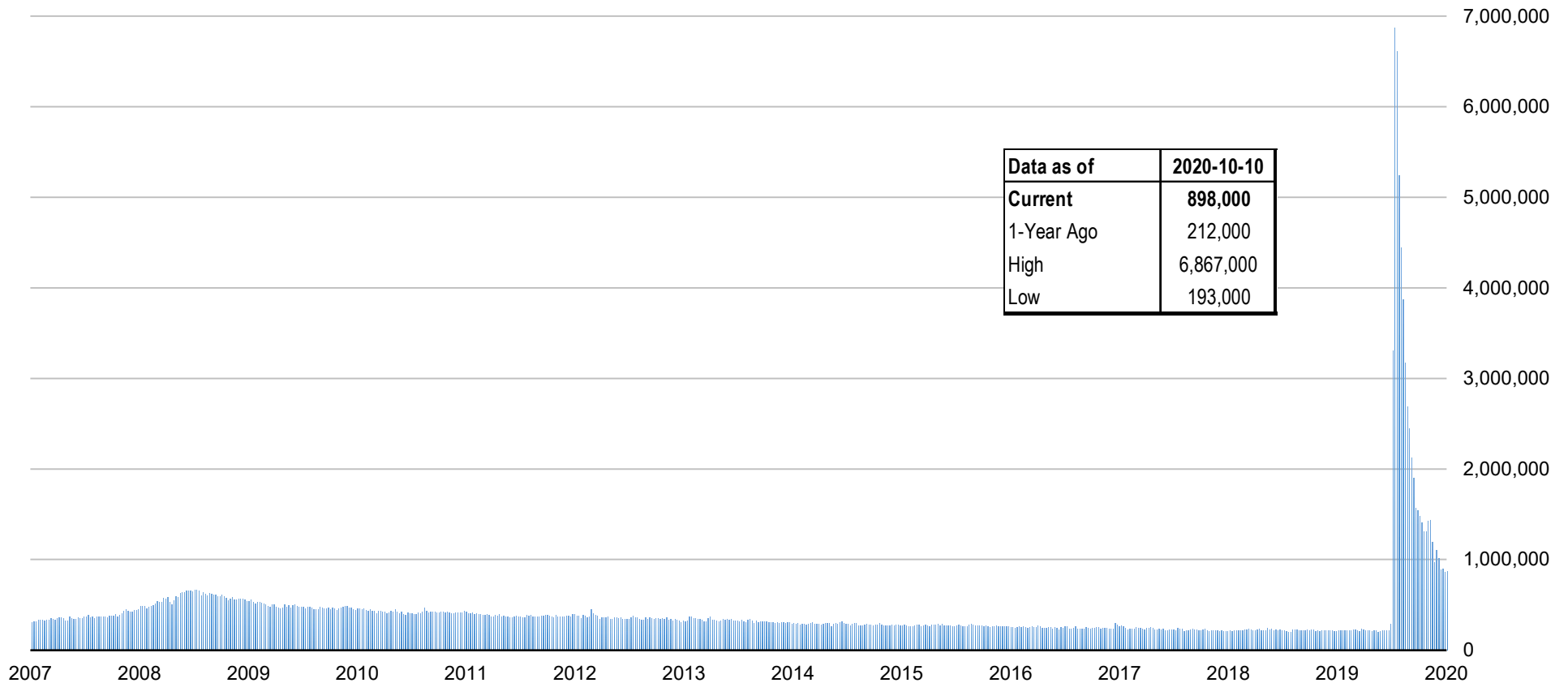


Economy: US Job Market

Jobless Claims

- The coronavirus pandemic and related shutdowns caused initial claims for unemployment insurance to rise to the highest level on record back to the 1960s and trounced the level in 2009. While jobless claims have trended down from this summer's peak, the figure remains above any recorded before this year.

US Initial Claims for Unemployment Insurance



- Initial claims for unemployment insurance offer weekly information on layoff activity. Initial claims are an employment report that measures the number of new jobless claims filed by individuals seeking to receive unemployment benefits. The initial claims number is watched closely because it provides insight into the health of the economy and the strength of the labor market.

Source: YCharts, Department of Labor.

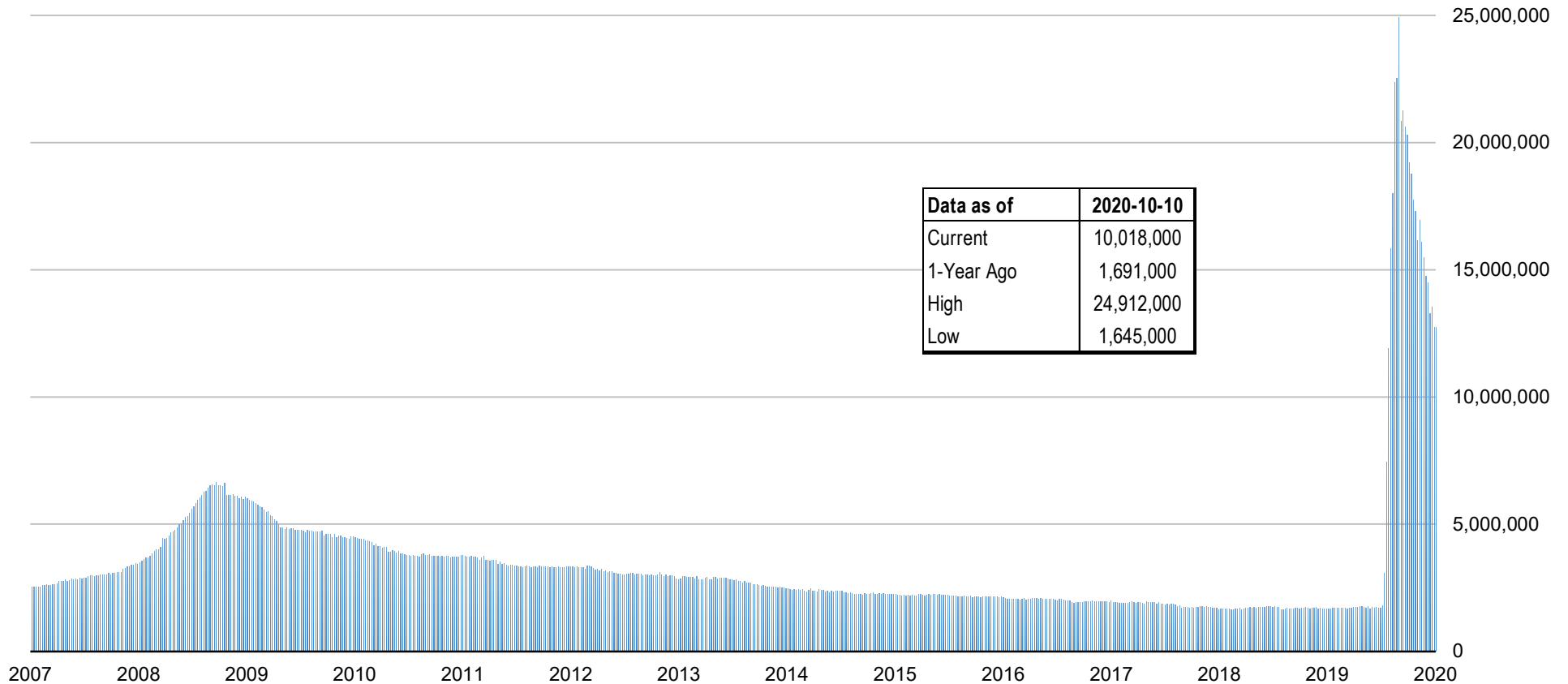


Economy: US Job Market

Continuing Claims

- Continuing claims hit a high of nearly 25 million this spring but have declined in recent weeks, as sign companies are bringing back workers. The improvement has been very gradual, and the labor market's recovery still has a long way to go.

US Continuing Claims for Unemployment Insurance



- Continuing claims is the number of people filing for unemployment benefits who have already filed an initial claim. In order to be included in continuing claims, the person must have been covered by unemployment insurance and be currently receiving benefits. He or she must have been unemployed for, at least, a week after filing the initial claim. Continuing claims are released with a one-week lag.

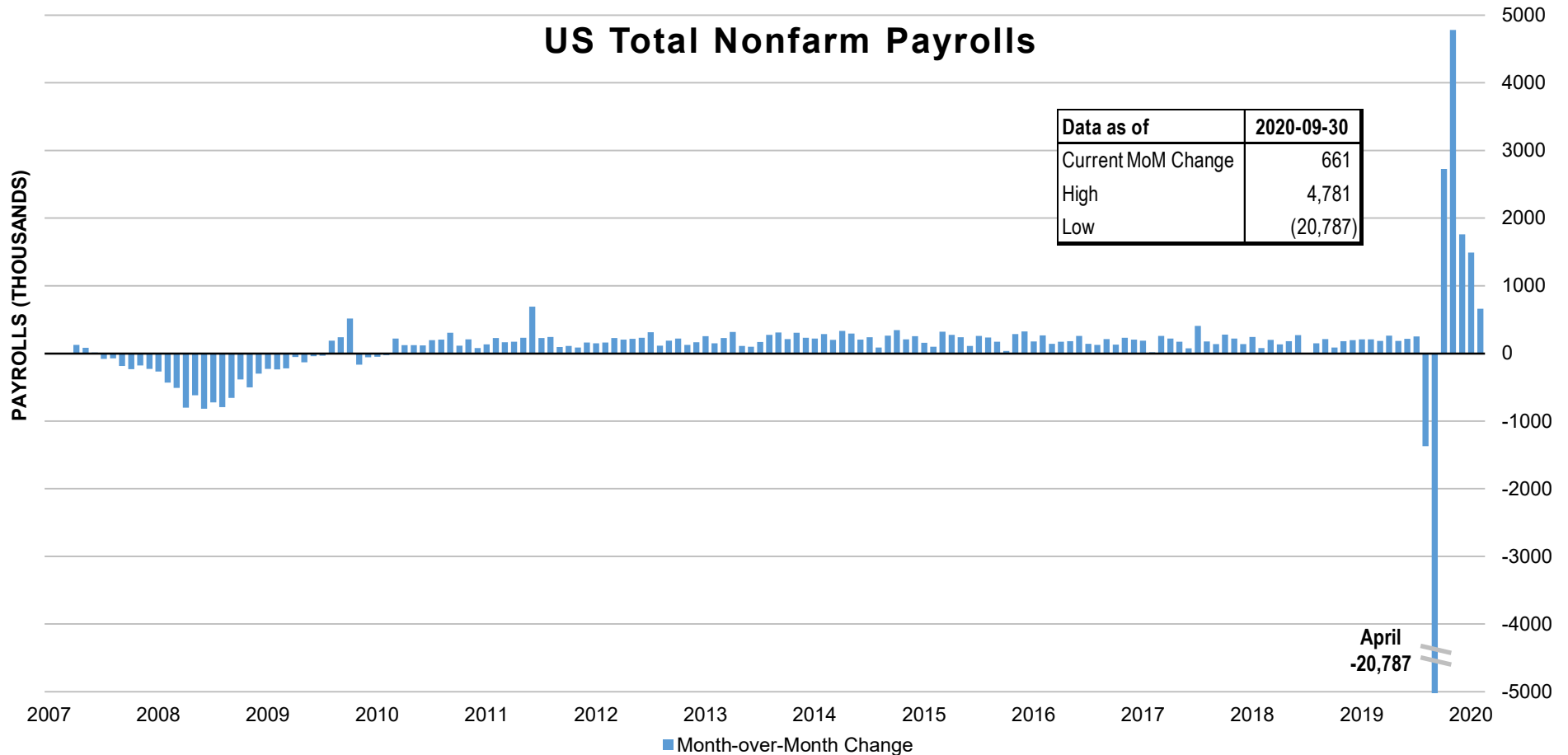
Source: YCharts, Department of Labor. Past performance is not a guarantee of future results.



Economy: US Job Market

Change in Nonfarm Payrolls

- A record 20.8 million jobs were lost in April. State reopenings helped boost employment over the summer. The economy is still operating with about 10.7 million fewer jobs than in February. Job losses have been widespread across industries and particularly steep in some services sectors, such as hospitality and tourism.



- Nonfarm payroll is a monthly report intended to represent the number of additional jobs added from the previous month. Despite the name nonfarm payroll, the report excludes workers from general government jobs, private household jobs, employees of nonprofit organizations and farm employees.

Source: YCharts, Bureau of Labor Statistics. Past performance is not a guarantee of future results.



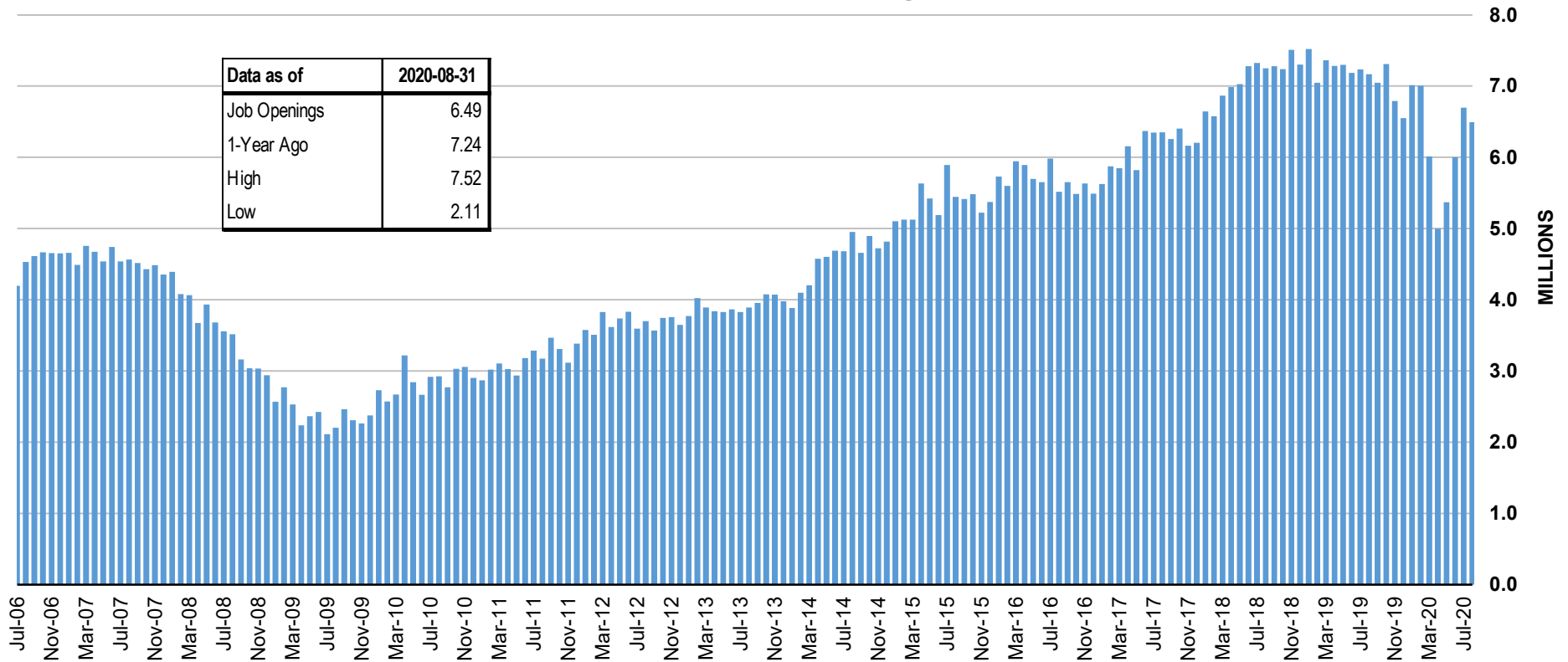


Economy: US Job Market

Job Openings and Labor Turnover Survey (JOLTS)

- More evidence that the labor market recovery is continuing: The U.S. had 6.5 million job openings in August—about as many as in December of last year. Many businesses are eager to hire, if they could find workers.

U.S. Job Openings



- The job openings and labor turnover survey (JOLTS) is a survey done to help measure job vacancies. It collects data from employers each month. The survey results include total job openings, hires, and separations (including quits, layoffs and discharges, and other separations). The difference between total hires and separations is approximately equal to the increase or decrease in monthly payrolls.

Source: YCharts, Bureau of Labor Statistics. Past performance is not a guarantee of future results.



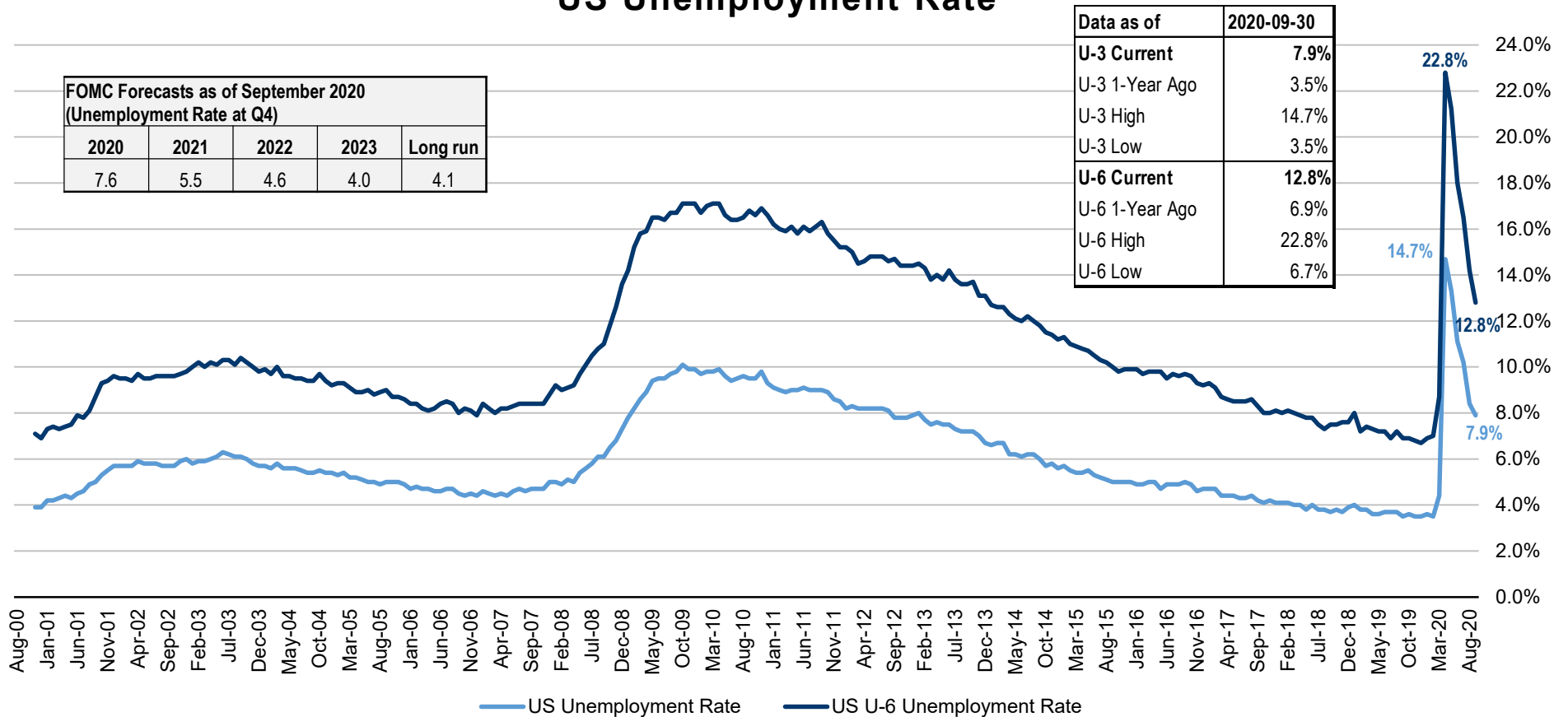


Economy: US Job Market

Unemployment Rate

- Unemployment rates (both the official unemployment rate (U-3) and the broader unemployment rate that includes part-time workers (U-6)) reached the highest levels in history (April) and the data remain elevated despite declining for five straight months. FOMC forecasts are for the unemployment rate (U-3) to return to the 4% level by 2023.

US Unemployment Rate



- The unemployment rate is the percentage of the total labor force that is unemployed but actively seeking employment and willing to work. The U-3 rate is the officially recognized rate of unemployment, measuring the number of unemployed people as a percentage of the labor force. The U-6 rate includes people who work part time because full-time work is not available due to economic conditions.

Source: YCharts, Bureau of Labor Statistics, Federal Reserve, JPMorgan Asset Management.



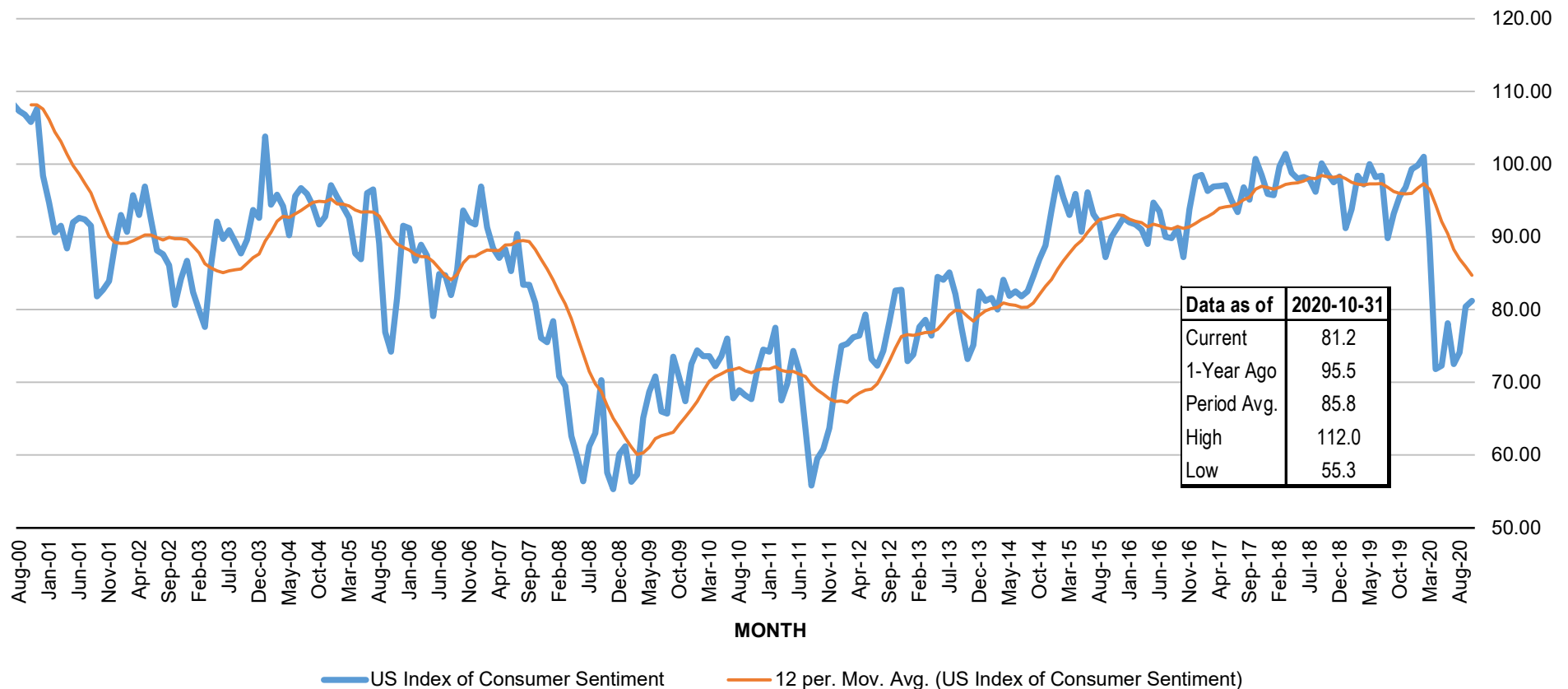


Economy: US Consumer

Consumer Sentiment

- U.S. consumer sentiment remains near pandemic lows. Americans are still quite pessimistic about how long it will take to get back to normal. A low level of sentiment could point to a rockier road ahead for a U.S. recovery.

US Index of Consumer Sentiment



- The U.S. Consumer Sentiment report is published by the University of Michigan. Data is collected from a query of 500 adults regarding their attitude on financial and income situations. Interviewers ask 50 core questions, and the responses are standardized on a 100 point scale.

Source: University of Michigan. Past performance is not a guarantee of future results.



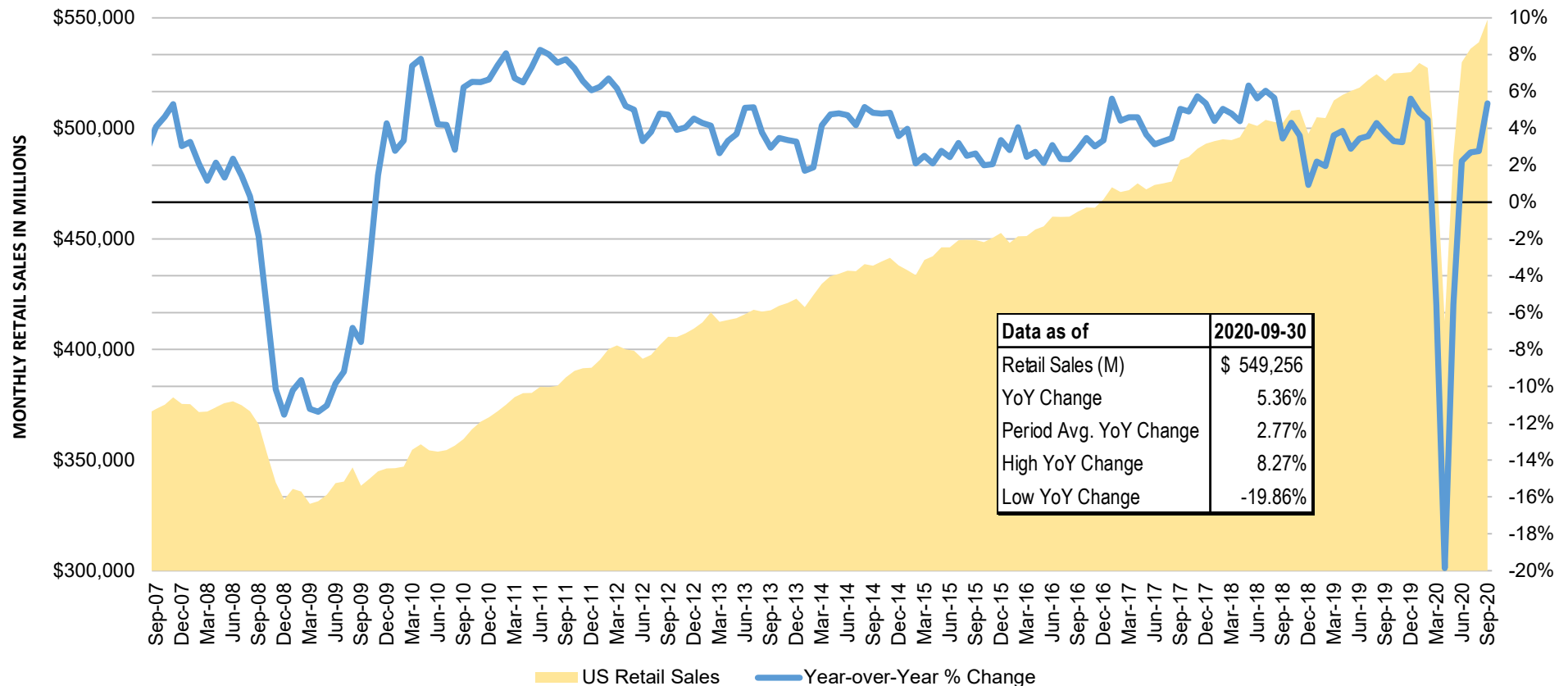


Economy: US Consumer

Retail Sales (Spending on Goods)

- Retail sales of goods, which make up about a quarter of total consumer spending, have bounced back from the COVID-19-induced recession much more quickly than in the prior recession in 2008/2009. Retail sales have been aided in part by extra federal unemployment benefits which expired at the end of July.

US Retail Sales



- Retail sales, a measure of purchases at stores, gas stations, car dealerships, restaurants and online, is a substantial portion of consumer spending and an important indicator of economic health. Increased consumer spending is generally considered a sign of stability and growth. Retail sales are important measure of consumer spending, which accounts for more than two-thirds of economic activity in the U.S.



Source: YCharts, Department of Commerce.

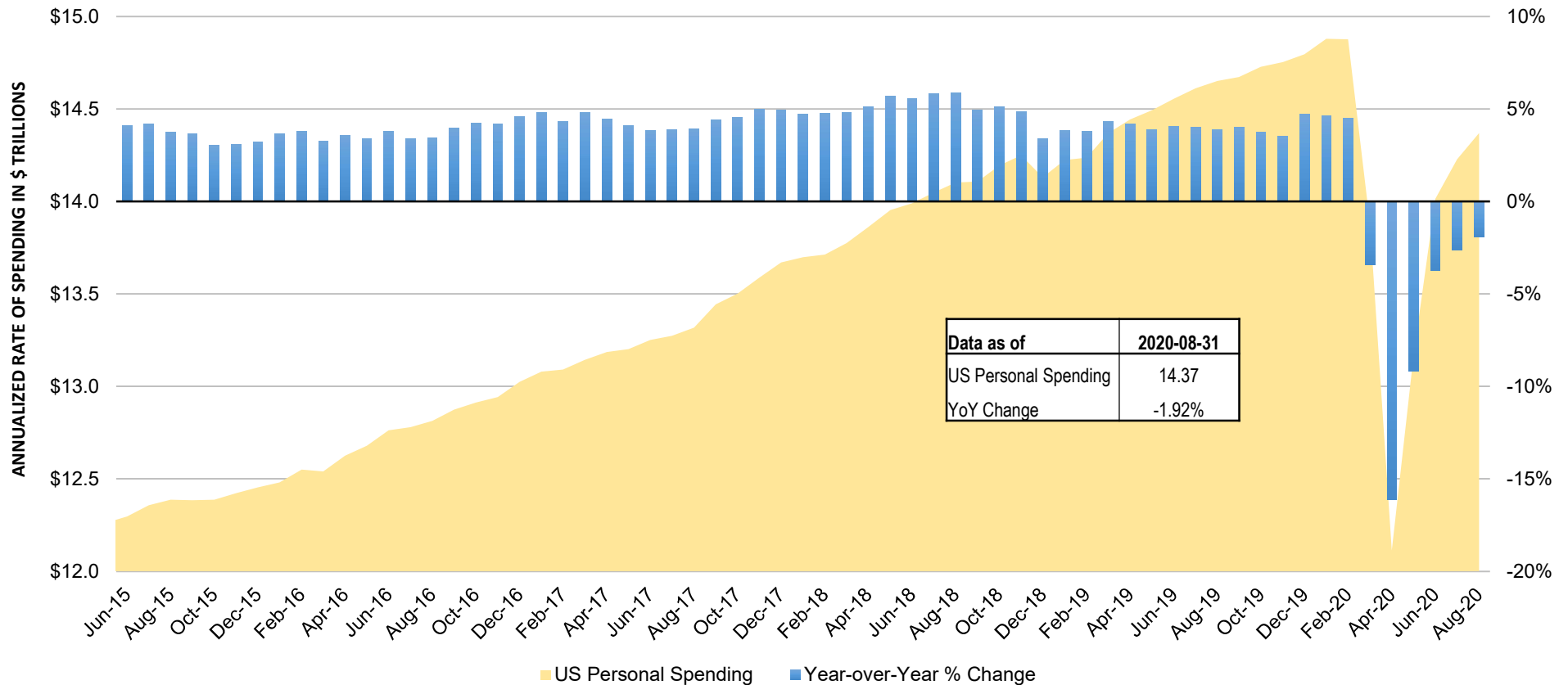


Economy: US Consumer

Personal Spending (Spending on Goods and Services)

- Personal spending, which makes up the bulk of U.S. consumer expenditures, is still lower than a year ago. Personal spending includes spending on most in-person services, such as health care and hospitality. Outlays on services such as dentist visits, travel, and sporting events haven't fully rebounded to pre-pandemic levels.

US Personal Spending



- Personal spending is the total money spent on final goods and services by individuals and households for personal use and enjoyment in an economy. Personal spending includes all private purchases of durable goods, nondurable goods, and services.



Source: YCharts, Bureau of Economic Analysis.

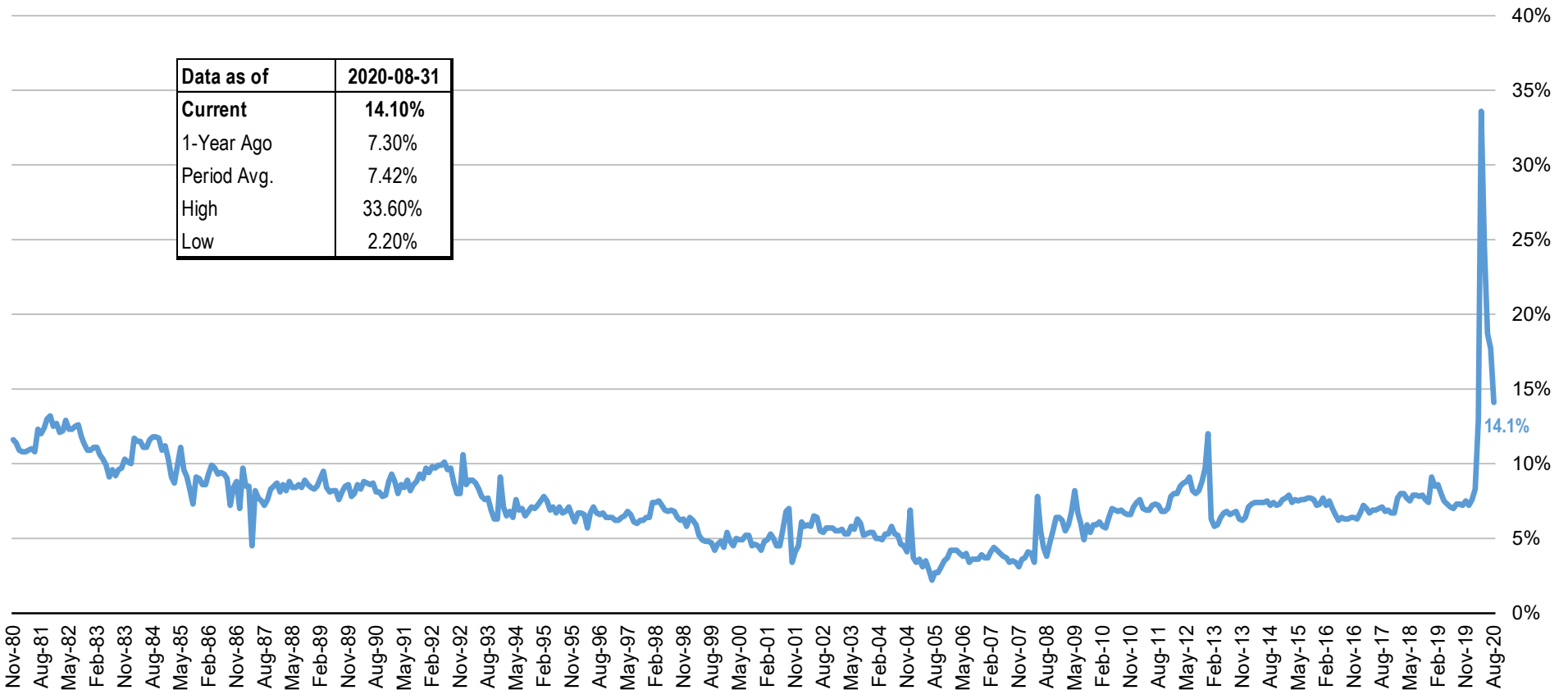


Economy: US Consumer

U.S. Personal Savings Rate

- Many households are still earning more than they are spending during the pandemic, which economists say could fuel consumer spending in coming months. The personal saving rate was 14.1% in August, down from 33.6% in April but well above the 7.3% rate seen a year ago.

US Personal Saving Rate



- A savings rate is the amount of money, expressed as a percentage or ratio, that a person deducts from his disposable personal income to set aside as a nest egg or for retirement.

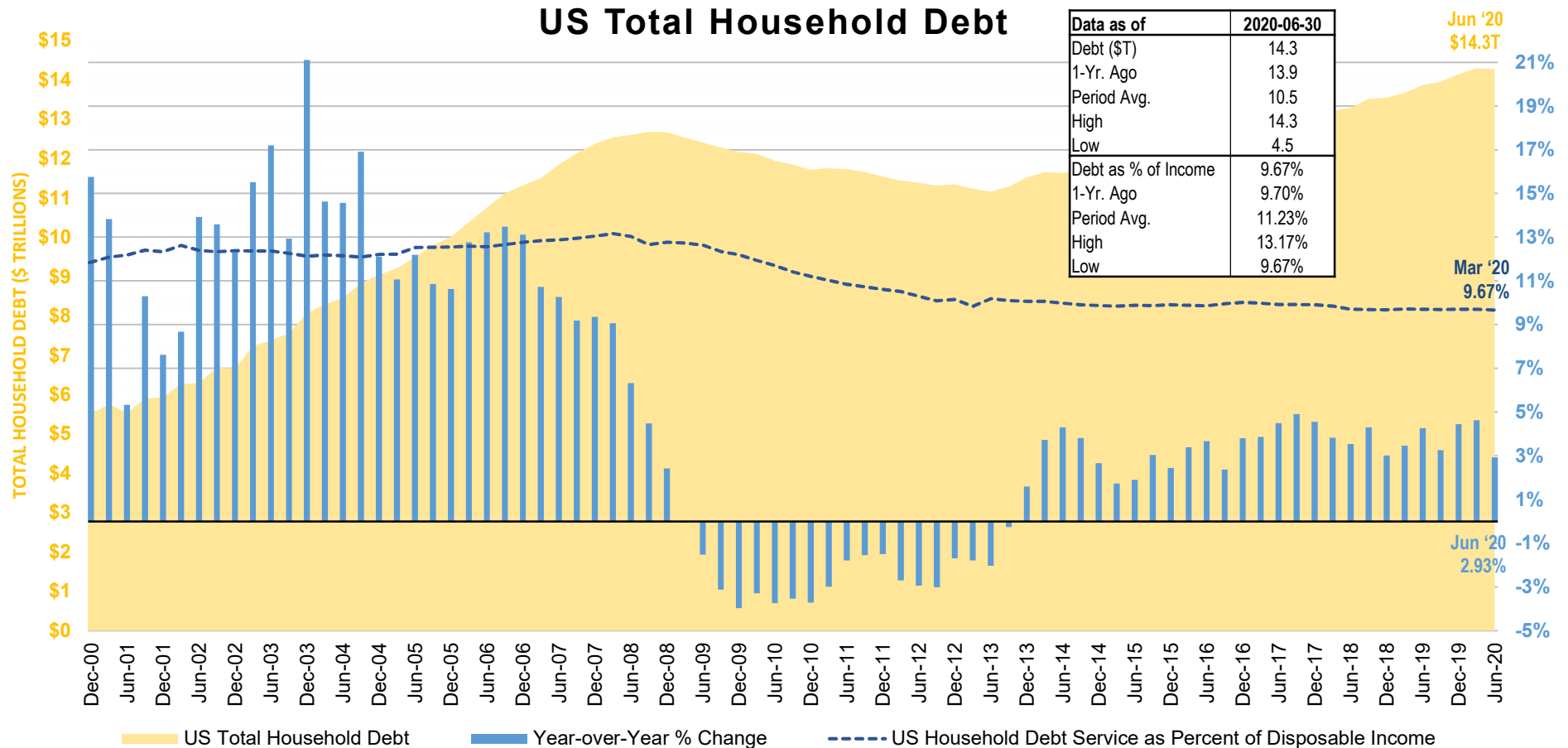




Economy: US Consumer

U.S. Total Household Debt

- Households are generally in good shape despite rising debt. Household debt reached \$14.3 trillion as of June 30, 2020, however debt as a percent of disposable income has held steady over the last few years.



- Household debt includes home mortgages, home equity loans, auto loans, student loans, and credit cards. The household debt service ratio is an estimate of the ratio of debt payments to disposable personal income.

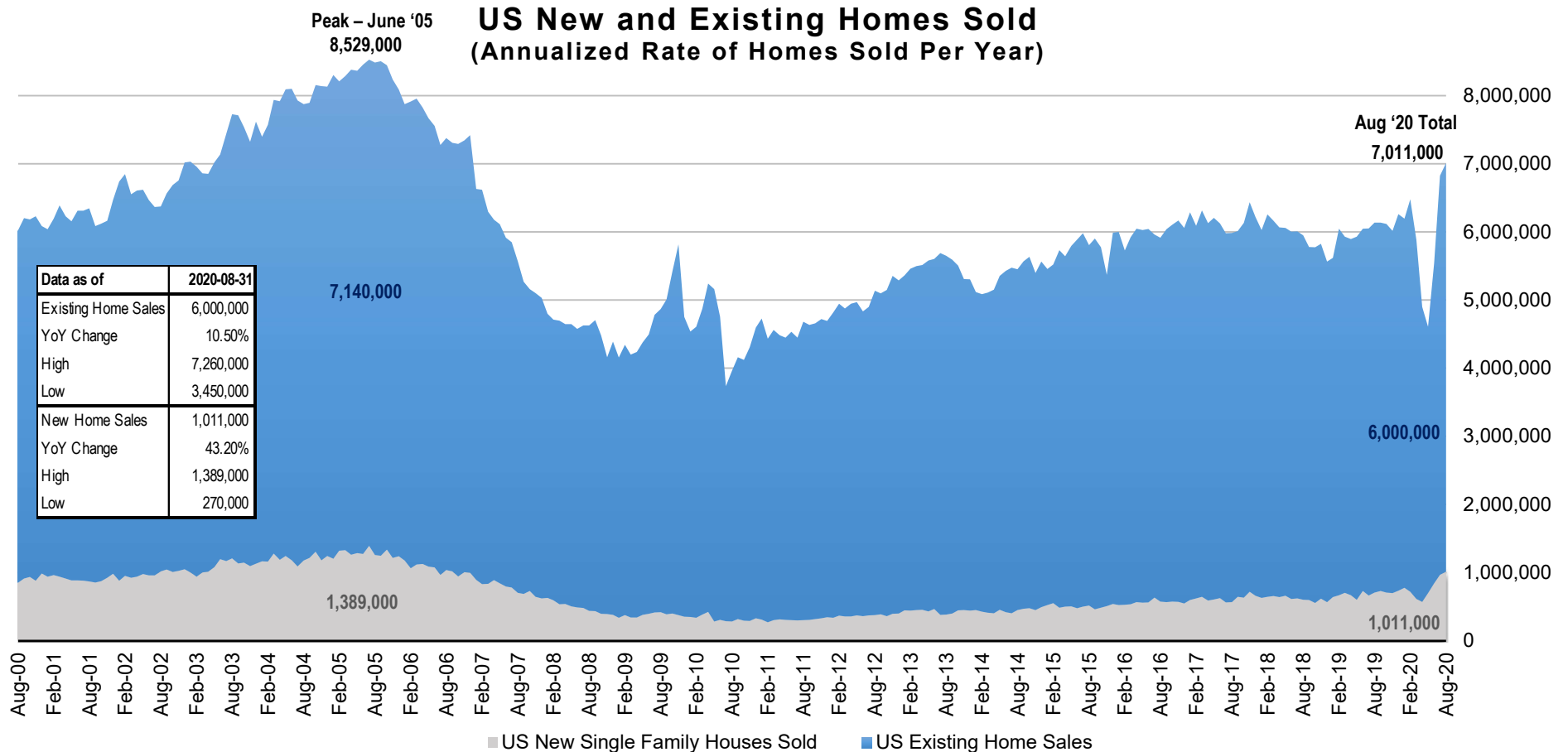




Economy: US Housing Market

Home Sales

- The housing market is still healthy supported by home buying. Both existing and new home sales have jumped to the highest level in 14 years. Demand is surging due to the stay-at-home culture of the coronavirus pandemic and record low mortgage rates.



- Existing home sales is an economic indicator of both the number and prices of existing single-family homes, condos and co-op sales (which is the vast majority of home sales) over a one-month period. New Homes Sales measures sales of newly built homes. A new home sale is considered to be any deposit or contract signing either in the year the house was built or the year after it was built.

Source: YCharts, U.S. National Association of Realtors. Past performance is not a guarantee of future results.

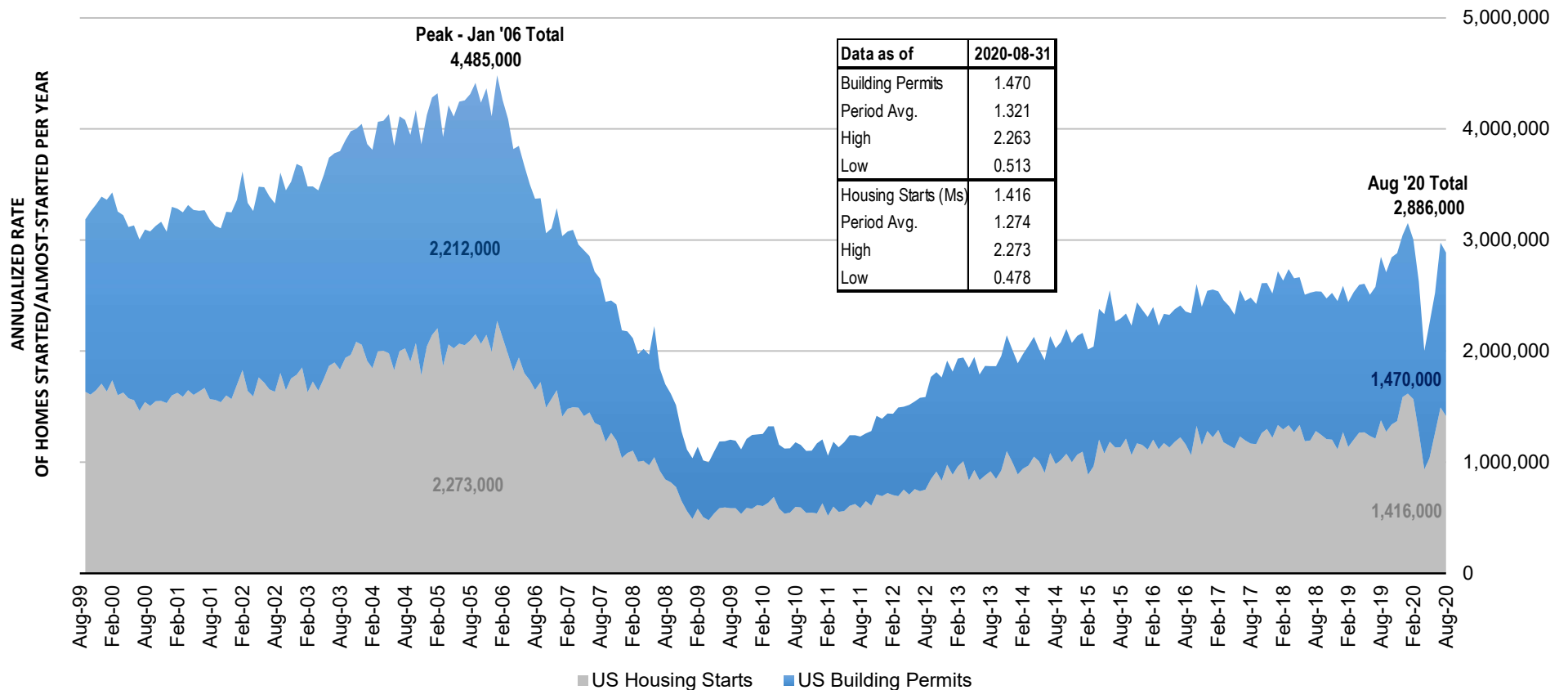


Economy: US Housing Market

Home Building

- U.S. homebuilding has recovered significantly from the beginning of the pandemic. The housing market remains supported by record-low interest rates and demand for properties in the suburbs and low-density areas as many people work from home.

US Housing Start + Building Permits



- Housing starts are the number of new residential construction projects that have begun during any particular month. Building permits are a type of authorization that must be granted by a government or other regulatory body before the construction of a new or existing building can legally occur..

Source: Census Bureau, YCharts. Past performance is not a guarantee of future results.

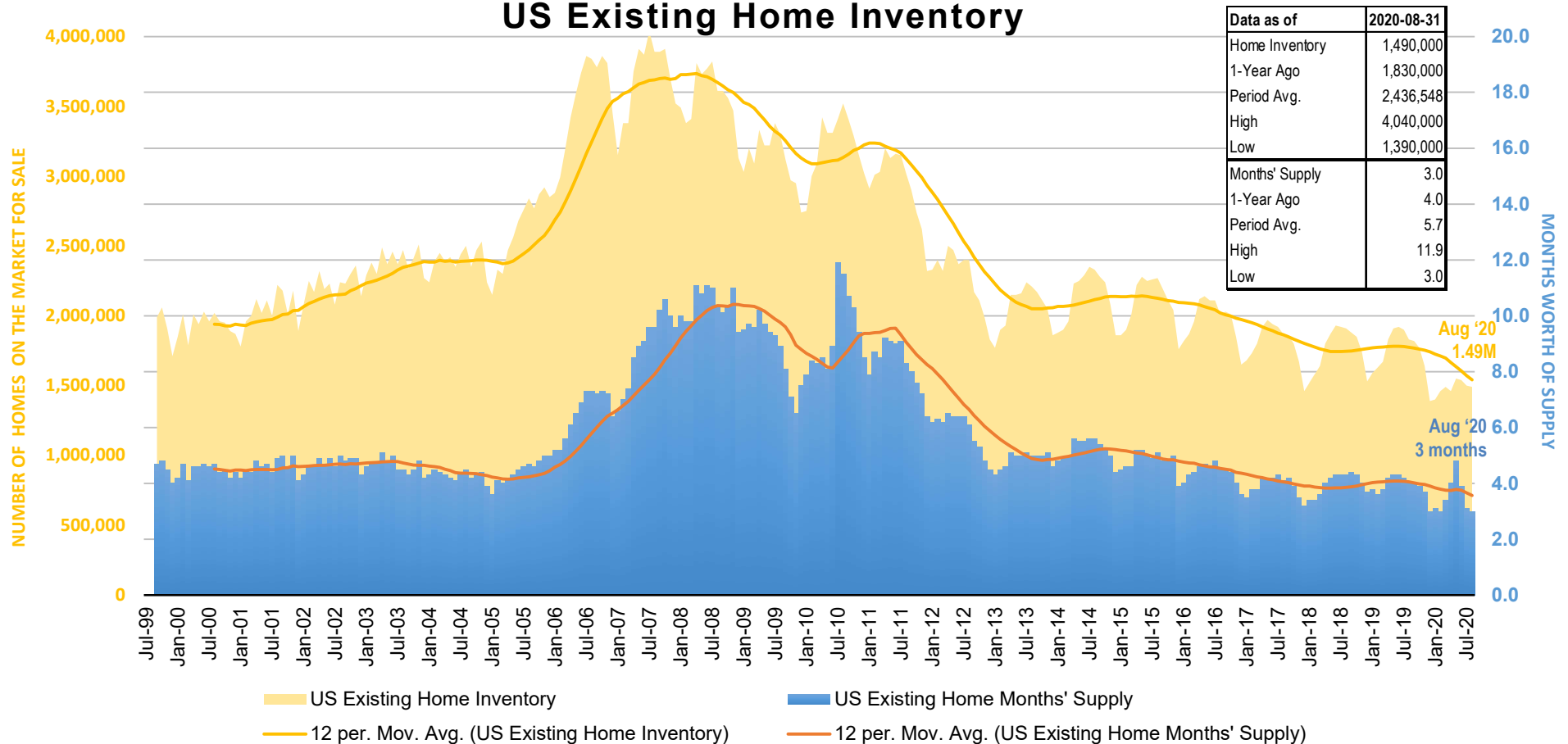


Economy: US Housing Market

Home Supply

- The inventory of existing homes for sale is down to historically low levels at around 3 months supply. Low housing inventory together with strong housing demand is starting to affect affordability and hinder ownership opportunities. Sellers are concerned about safety issues and selling into a rough economy.

US Existing Home Inventory



- Existing home inventory is the number of existing single-family homes, condos and co-ops for the United States. Inventory levels are provided through the "months' supply" figure, a number that represents the length of time in months required to burn through all of the existing inventory measured during the period. A 6 month supply is considered a balanced market.



Source: National Association of Realtor, YCharts. Past performance is not a guarantee of future results.

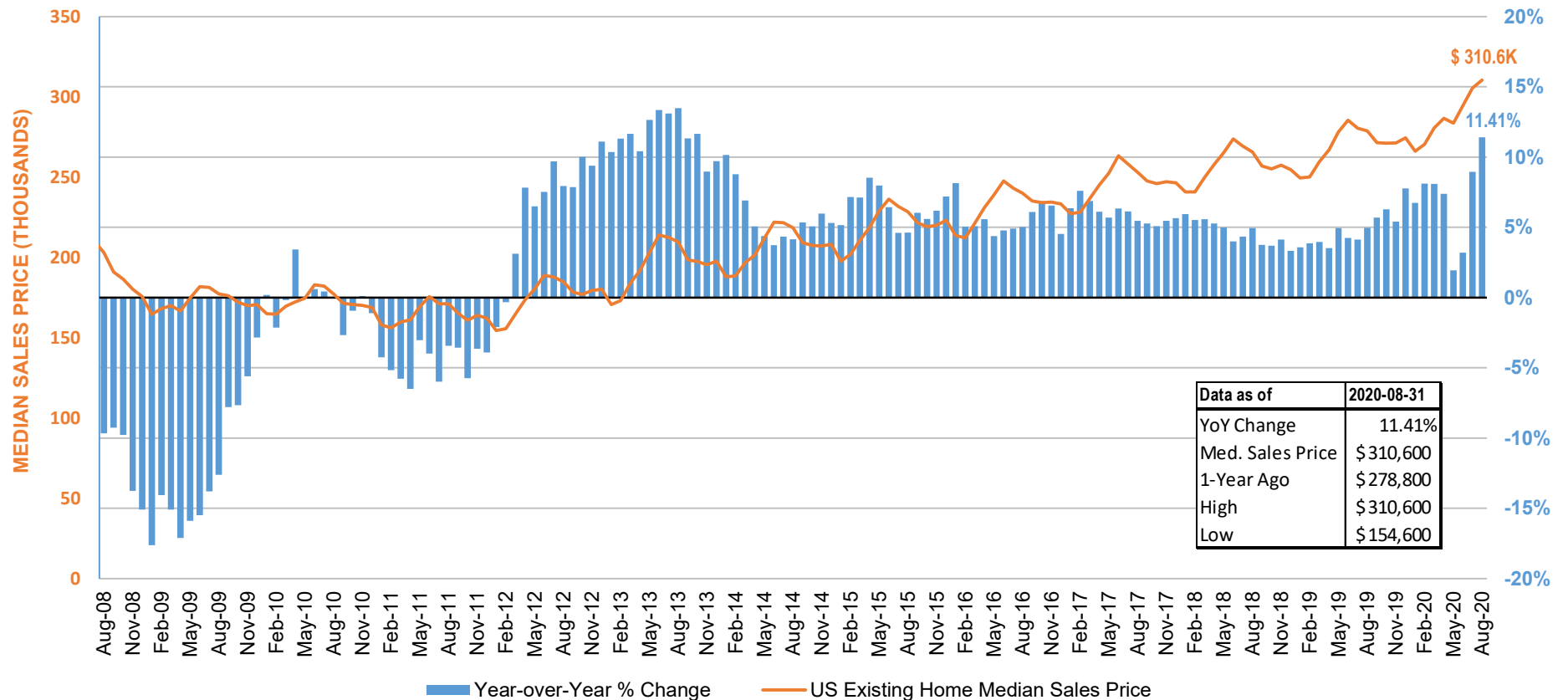


Economy: US Housing Market

Home Prices

- On a national level, the median sales price of existing homes sold has risen 11.4% from last year, to a record high of \$310,600. Tight supply and record low mortgage rates have pushed home prices up.

US Existing Home Median Sales Price



- The median price is where half homes sold for more and half homes sold for less. Median prices are more typical of market conditions than mean (average) prices because mean prices are skewed higher by a relatively small share of upper-end transactions.



Source: YCharts, National Association of Realtors. Past performance is not a guarantee of future results.



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