



In this week's Highlights, Ryan Grabinski discusses how the U.S. data is mixed, the election remains in focus in Washington, and equity market gains get more difficult from here.

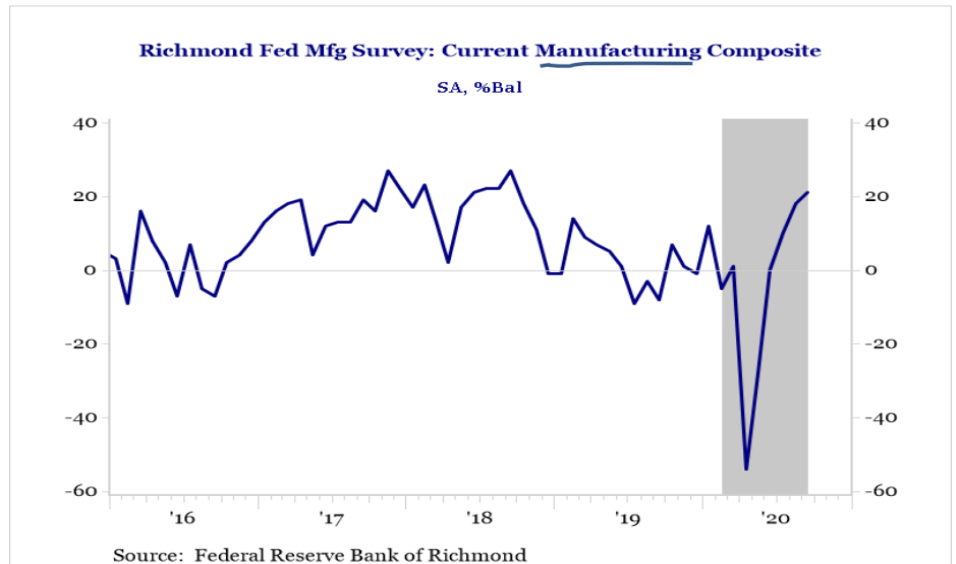


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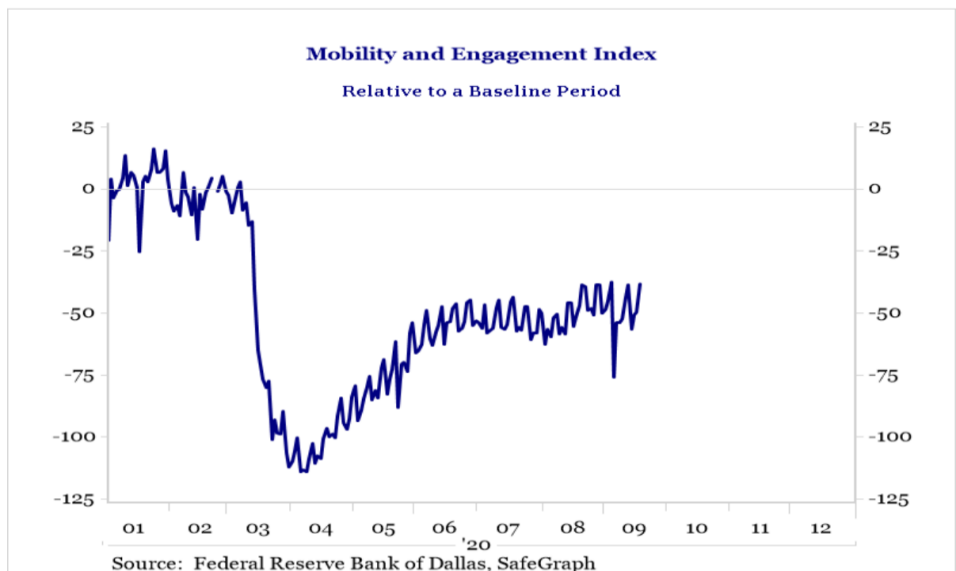
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U.S. Data Remains Mixed

- Goods are typically a bigger source of volatility vs. services in the economy. But in the pandemic, everything fell during the lockdown. Goods are bouncing back, while person-to-person services remain impaired.

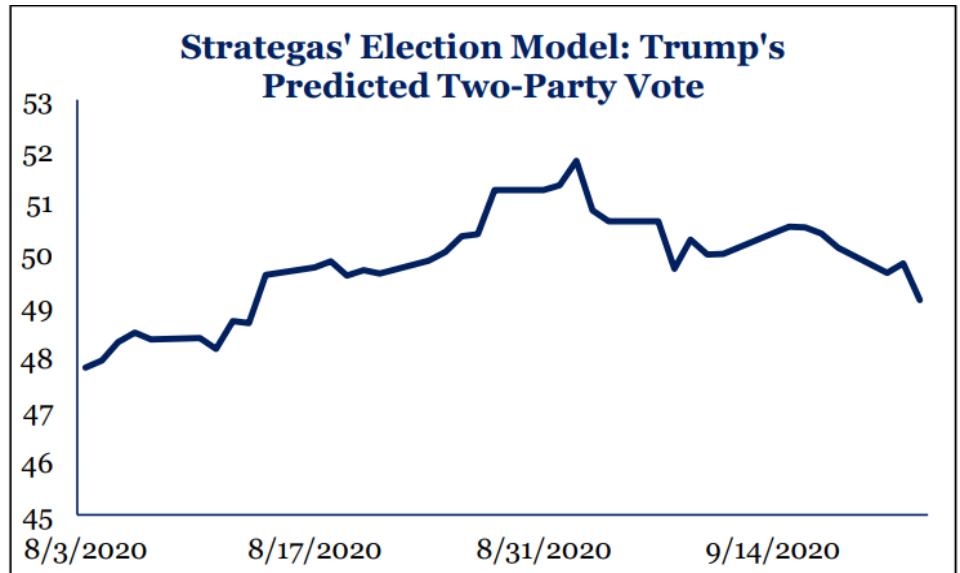


- The mobility recently has begun to stall out, but is still reflecting an economy that wants to reopen. The spread of COVID will play a significant role in continued improvement in mobility.

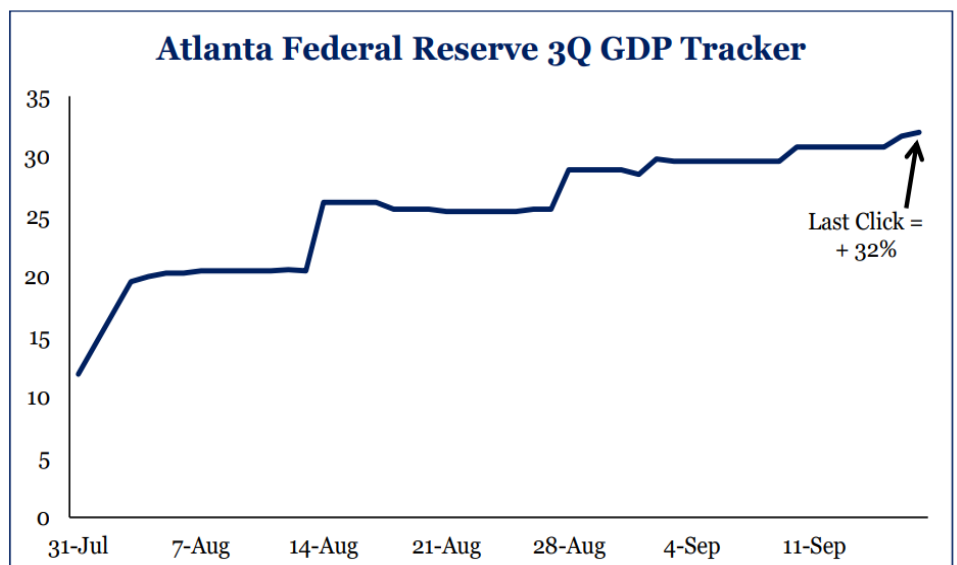


All Eyes On The Election

- Currently, Strategas' election model shows that the race is much closer than the polls are reading and that Trump will do better than he did in 2016 by a half percent. It is worth noting that Trump's trend has been falling in September with equities selling off and the dollar rising.

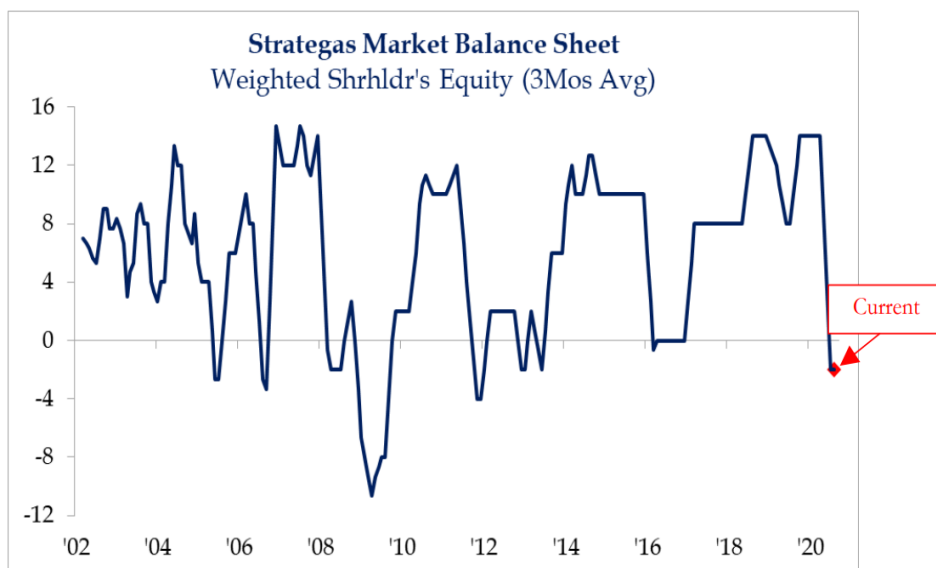


- We have seen significant improvement in Trump's polling numbers since July, which is making the race more competitive. The timing of Trump's improvement coincides with a considerable upgrade in US GDP estimates. In late July, the Atlanta Fed GDP tracker was estimating GDP growth for Q3 near 10 percent.

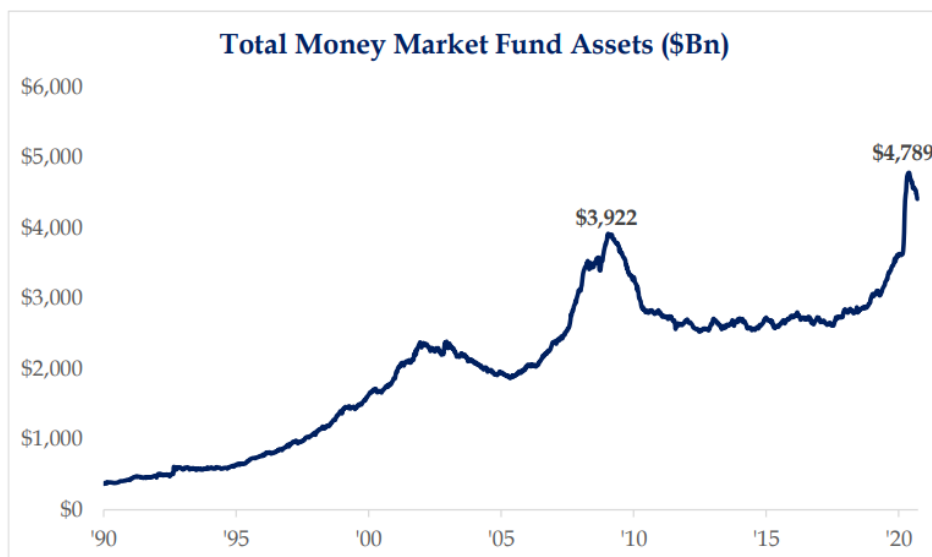


Gains As We Advance Get More Difficult

- Our balance sheet is unchanged this quarter, with the weighted and unweighted measures remaining at their lowest levels since 2013. Just like any balance sheet, our tally is a snapshot at the moment in time. The second quarter marked the bottom in economic activity, and 3Q has seen a bounce. Ultimately, the pace of growth will slow in 4Q, and now it is mostly a matter of the virus, and, sadly, politics.



- Despite the record recovery by equities off the March 2020 low, the reserves of cash on the sidelines remains high relative to cash levels before the February top. There's room for new money to enter the market and become a tailwind for equities. The current correction may prove to be a timely opportunity for investors to increase equity exposure.



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