

Weekly Market Insights

December 28, 2020

A strange year indeed

“It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness, it was the spring of hope, it was the winter of despair.”¹

The opening lines of Charles Dickens, *A Tale of Two Cities*, seems just about right in describing this past year, except it isn't just about two cities but refers to the entire globe. Oddly enough, except for added volatility, the equity markets did not appear to reflect the enormity of what was happening. Although the fixed income markets continued their forty-plus year bull market with higher prices and lower yields, the events of the year had a lot to do with that.

Equity Markets

Equities had mild gains for the holiday-shortened week. This should come as no great surprise. Investors had expected Mr. Trump to sign the long-awaited stimulus bill, but he didn't. It was not a terribly exciting week for equities, and it appears that Mr. Trump did, in fact, sign the bill Sunday night, and equities look to be reacting positively.

The Economy

Although the equity markets didn't appear to be damaged by the difficult year, the global economy certainly suffered. Just in case someone is wondering about the best and worst events of the year, here are a few examples. The two worst are pretty obvious—the terrible pandemic that crippled and stole life around the globe and the political strife in the United States. Maybe “the best” is a bit harder to see, but it has been present

all along. Most citizens of the world reacted with understanding and compassion. Without this positive response, the outcomes may have been considerably worse. Individuals and business people, particularly small business owners, showed a great deal of ingenuity throughout the pandemic, finding unique ways to keep their businesses open and employees at work. In this time of hardship, charitable giving set a record. One must give thanks for the amazing speed that scientists around the world worked on and developed not one but three vaccines.

As far as government is concerned, things certainly could have gone smoother. However, in the face of severe turmoil, a pandemic relief bill was passed and the Federal Reserve did yeoman's duty. They instilled confidence in the markets, kept the debt markets from collapsing, and, what is less well known to the general public, helped keep global confidence strong by increasing swap agreements with other Central Banks.

We will get an interesting perspective on how the economy is doing next week when Ryan Schutte reviews this past month's economic indicators.

Next Week!

Global markets and economies have a remarkable ability to cure themselves. It is indeed possible that the U.S., and hopefully global economies and markets, will have a strong recovery over the next few years.

We can't seem to keep Dickens out of our mind, so next week, “Great Expectations.”

¹Dickens, Charles. 2012. *A Tale of Two Cities*. The Penguin English Library. London, England: Penguin Classics.

Have a very happy New Year!

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Please click [here](#) for the updated Economic Release Calendar - December 2020.

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