

August 28, 2020

323 WEEKLY UPDATE

The Weekly Newsletter of 323 Wealth Management LLC

THE LATEST FROM 323:

Economic Summary - 1
Markets Summary - 5
Coronavirus Summary - 8
Financial Planning Tip - 10
Conclusions - 11

ECONOMIC SUMMARY

Story by Greg Wilson, CFA, CFP, MBA

It is getting hard to find economic data that is heading in the wrong direction. Whether it's Initial Claims for Unemployment Benefits or Initial Jobless Claims (the difference in these two is the first one has the additional Pandemic UA claims) or Consumer Sentiment or Durable Goods Orders or Personal Consumption Expenditures (PCE, which is a technical way of saying "Consumer Spending") and the list goes on and on. This is a good thing. It means we are headed in the right direction. The pace of this economic recovery may slow or even stall, but that should not be unexpected. As we have indicated, the amount of monetary and fiscal stimulus that has been provided is unprecedented. The effects of those policies will have less marginal benefits as time goes on. It's the law of diminishing returns. Also, fiscal stimulus is looking less accommodative if Congress does not get another bill passed soon.

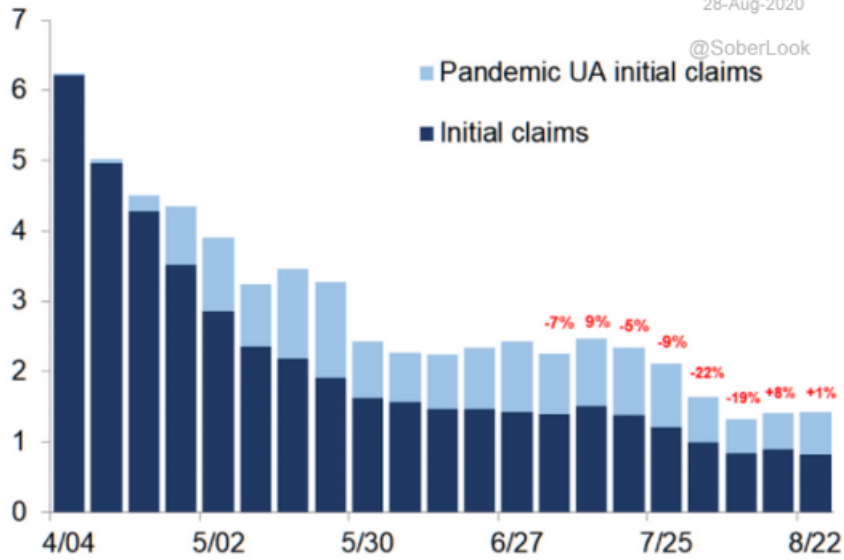
The charts on the next pages will help illustrate the recovery of the aforementioned economic indicators.

US: Total initial claims for unemployment benefits

Millions, nsa

Posted on
TheDailyShot.com
28-Aug-2020

@SoberLook

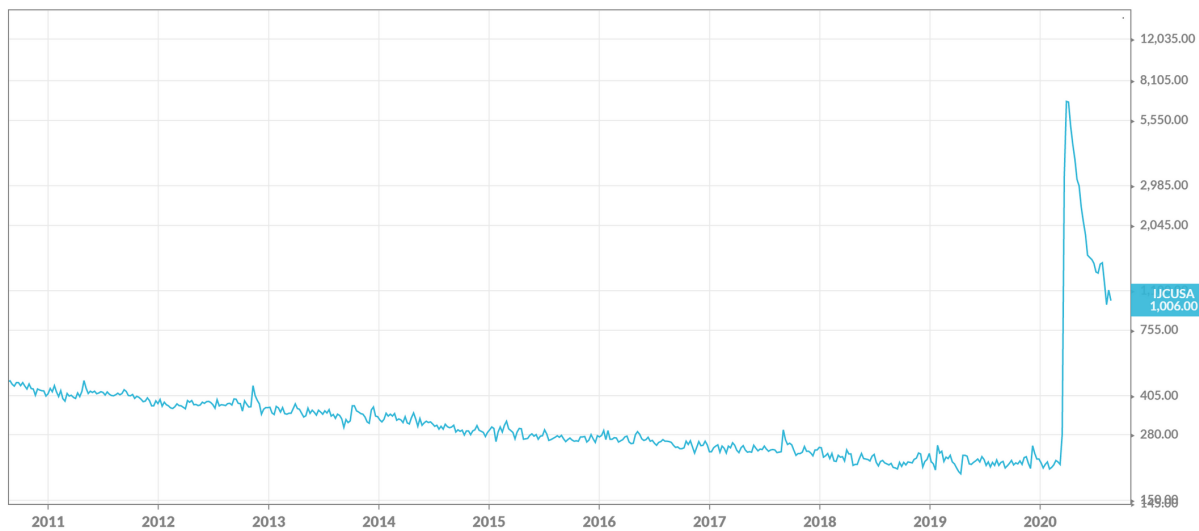


Source : Oxford Economics/Haver Analytics

Contact: Nancy Vanden Houten | nvhouten@oxfordeconomics.com

Source:
Oxford Economics

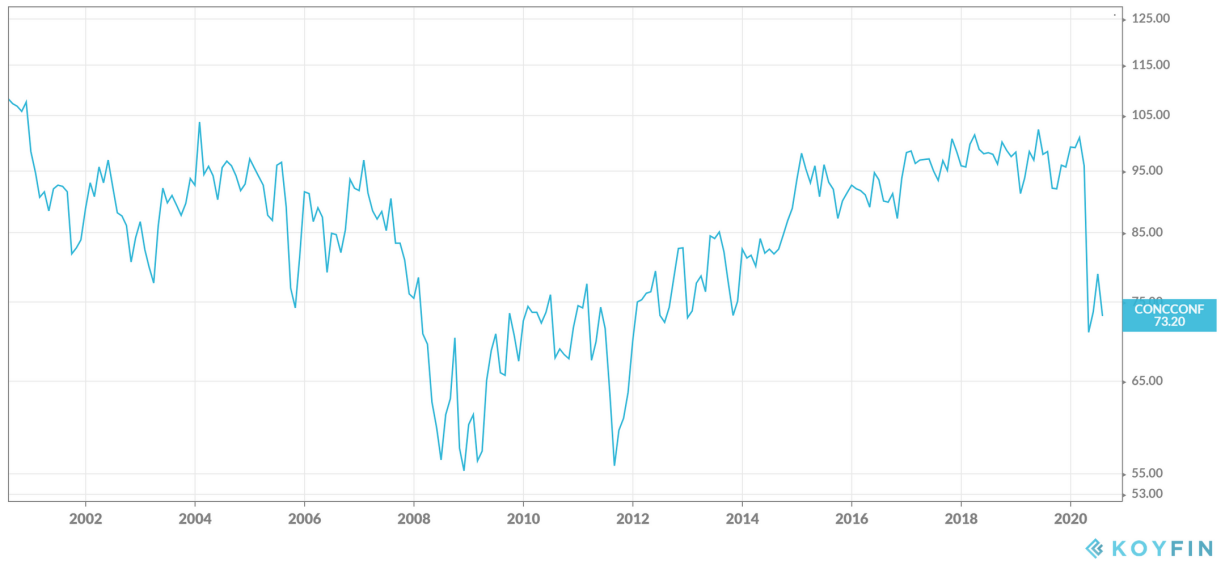
Initial Jobless Claims



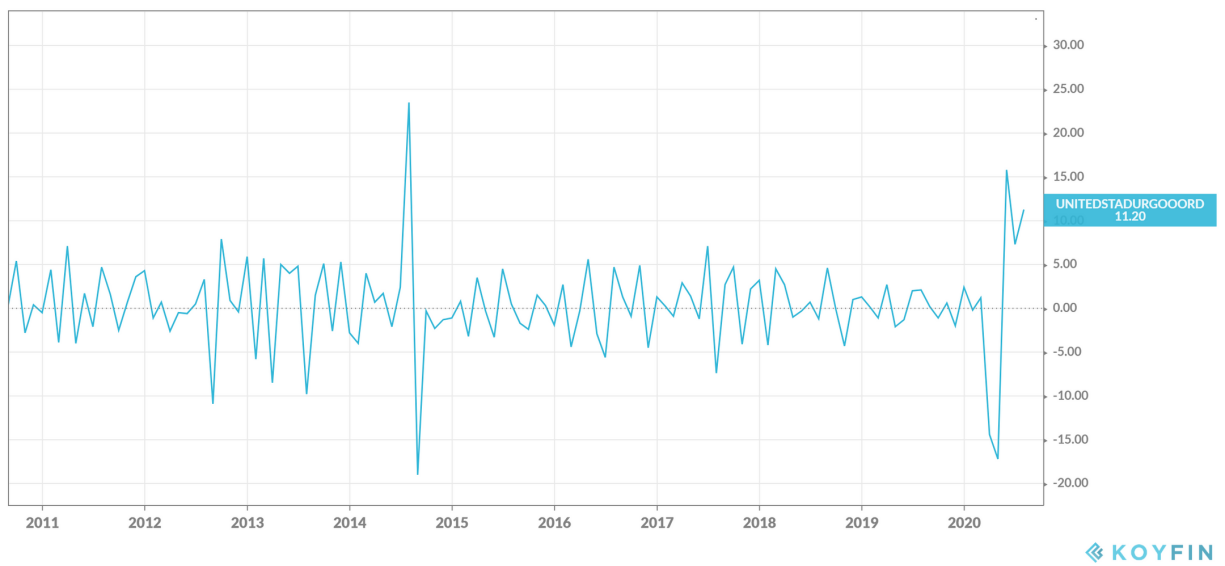
KOYFIN

Source: Koyfin, <https://www.koyfin.com/home>

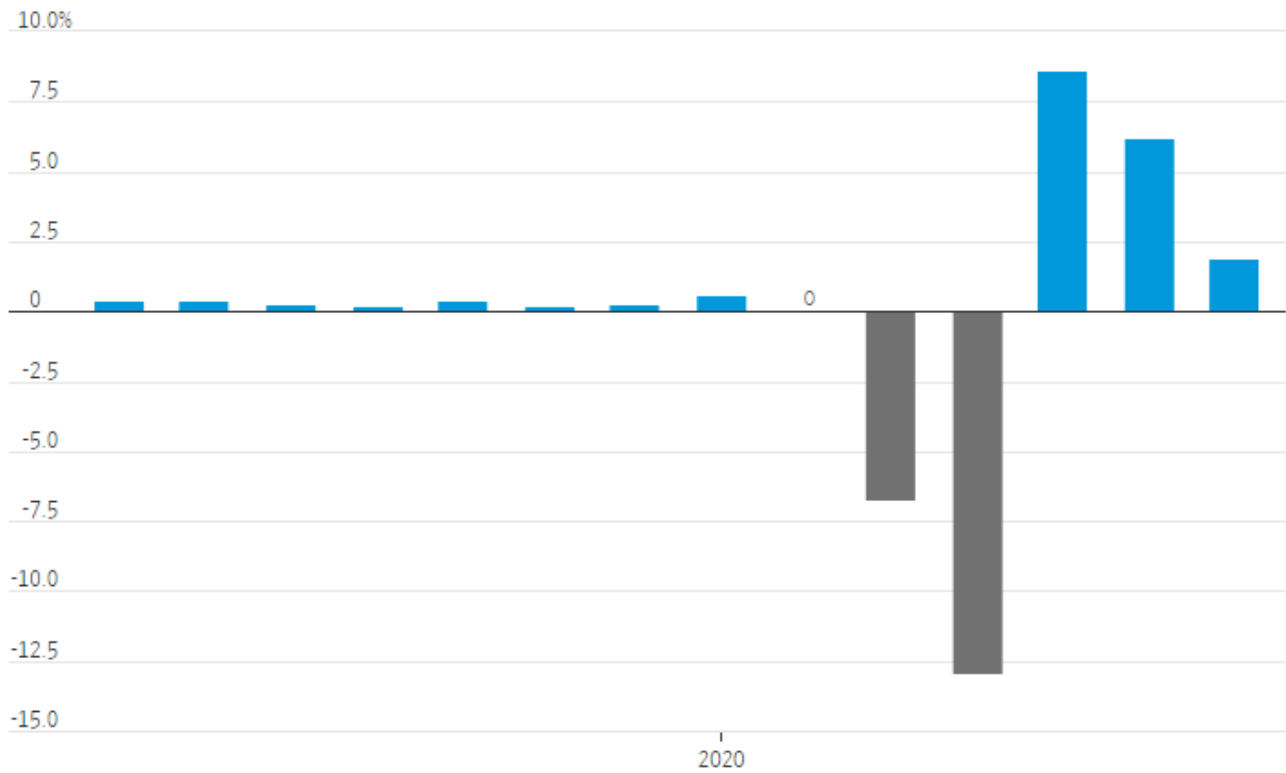
Consumer Sentiment - 20 Years



Durable Good Orders - Month over Month



Personal-consumption expenditures, percent change from prior month



Note: Seasonally adjusted

Source: Commerce Department via St. Louis Fed



MARKET SUMMARY

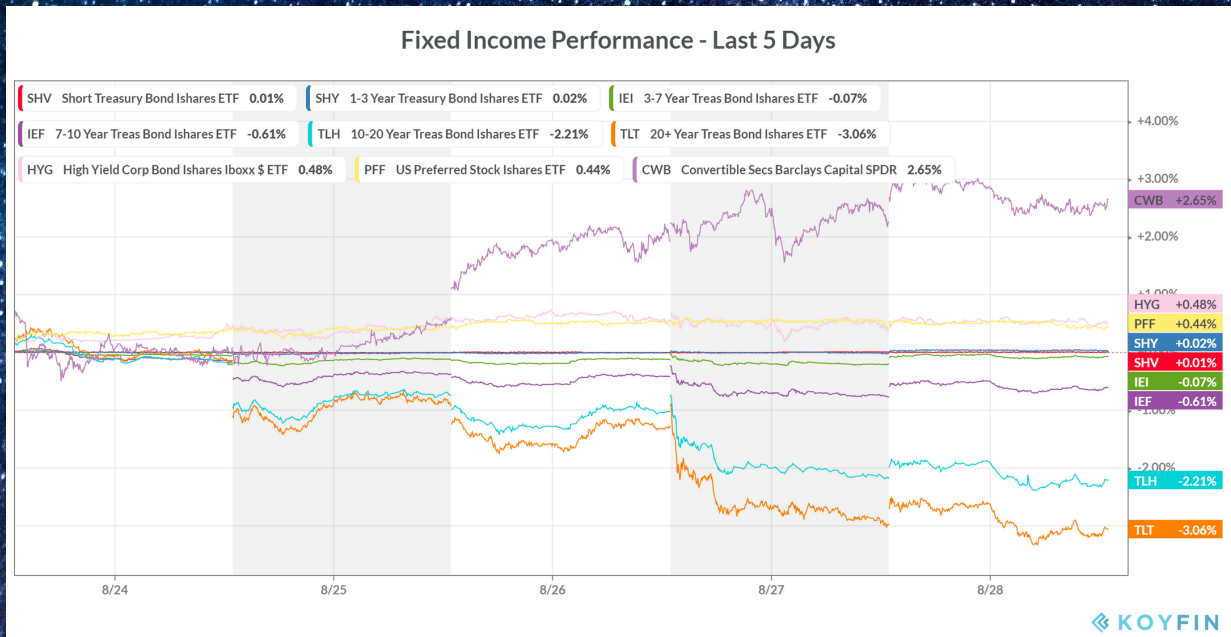
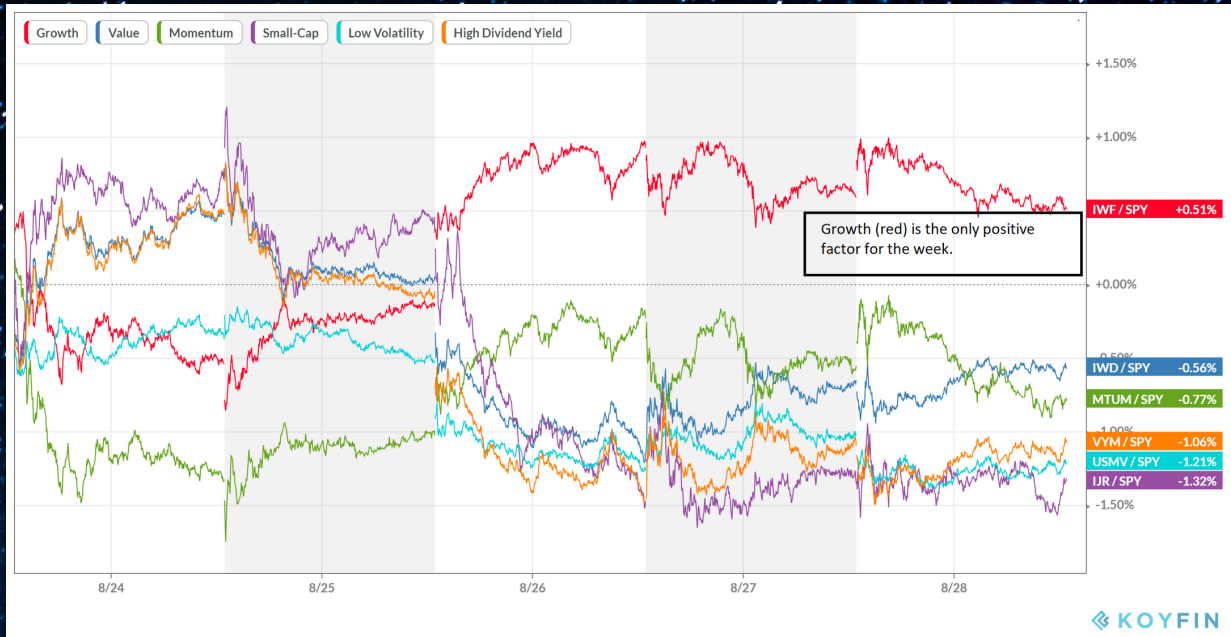
The financial markets seem to be looking past the pandemic.

All of the major U.S. stock indices were positive this week. Growth stocks led the way as the bifurcation between growth/momentum and value/cyclicals continues to be a factor. Earnings announcements have been mostly favorable. In an effort to be balanced, we looked for something negative to reference. The elephant in the room is Valuations. Valuation is a measure of how cheap or expensive the market is relative to a variety of measures like earnings, sales, cash flow, etc. The market appears to be looking past the pandemic and to an earnings recovery late this year and into next year. This is something we have discussed and should not be a surprise. Most companies removed their earnings guidance at the beginning of the pandemic. Rather than give bad forecasts, they chose not to forecast at all. This left the market with no choice but to look beyond the expected pandemic runway.

Fixed Income (or bonds) was mostly flat or down on the week. The riskier categories of fixed income like high yield bonds, preferred stocks, and convertible bonds were positive, but those investments arguably tend to act more like stocks than bonds so that should not be a surprise. Ok, back to stocks. You have probably heard about the handful of technology stocks that have performed well this year. So far, year-to-date, 5 stocks have contributed a 9.27% return while the whole S&P 500 Index has returned 8.92% during that same time period. So, if we took out those 5 stocks, the S&P 500 Index would be negative year-to-date. The index has 505 stocks in it and 5 are driving the performance this year. That is not indicative of diversification. We should be prudent and cautious while being mindful of how these companies are changing our world.

The charts on the next page highlight the weekly trends along with valuations and the top 5 stock performers.

Understanding the markets can help us build a better plan for our financial futures AND sleep easier at night.



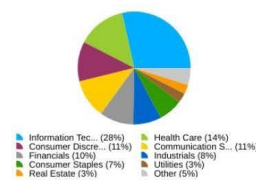
Data as of 27 Aug '20

Description

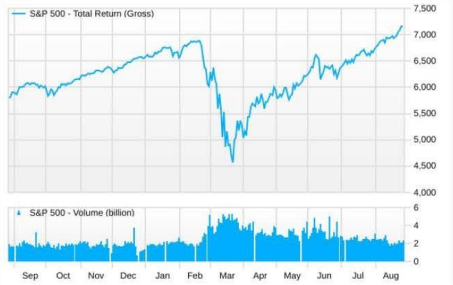
Index Provider: S&P US
 The S&P 500 includes 500 leading companies in leading industries of the U.S. economy. It is a core component of the U.S. indices that could be used as building blocks for portfolio construction. It is also the U.S. component of S&P Global 1200.

Vendor Currencies: U.S. Dollar
 Market Value: 28,815,711
 Constituents: 505
 Calendar: US

Breakdown



Performance

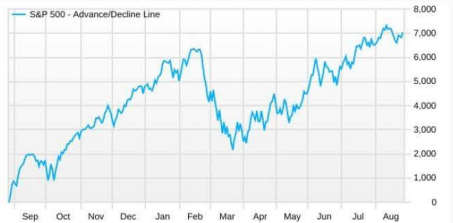


Previous Close	7,158.18
52 Week High	7,158.18
52 Week Low	4,559.50
Change (%)	-
1 Day	0.17
1 Week	2.95
1 Month	7.76
3 Months	15.26
6 Months	18.11
YTD	9.23
1 Year	23.83
3 Year	51.29
5 Year	94.06
10 Year	302.69

GICS Sector	Symbol	Market Value	% Weight
Information Technology	99900701	8,203,205	28.47
Health Care	99900565	4,024,635	13.97
Consumer Discretionary	99900285	3,288,699	11.41
Communication Services	99900793	3,217,329	11.17
Financials	99900621	2,806,164	9.75
Industrials	99900125	2,319,801	8.05
Consumer Staples	99900477	1,982,472	6.88
Utilities	99900821	815,606	2.83
Real Estate	86099Y65	757,414	2.63
Other	-	1,398,385	4.85

Currency: U.S. Dollar Performance data as of: 27 Aug '20

Technical Analysis



Advances	318
% of Total	62.97
Advancing Volume	1,538,942
% of Total	65.98
Declines	185
% of Total	36.63
Declining Volume	717,290
% of Total	30.75

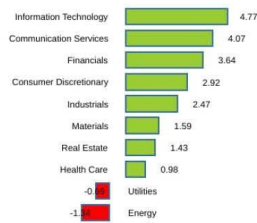
Top Ten Constituents

No Data

In the table below, the valuations for the S&P 500 Index and its sector are outlined. This is a very busy table and for that we apologize. The takeaway here is that as we look further into the future, valuations look less stretched. But, at present, most of the sectors are well above their long-term averages.

Sector Performance

1 Week Total Return Change - Top/Bottom 5



Valuation


	P/E LTM	P/E CY1	P/E CY2	P/E NTM	PSales	PBV	PCF	EV/EBITDA	EV/Sales	Div Yield
S&P 500	26.03	25.69	21.16	23.06	2.52	3.86	12.97	16.73	3.16	1.69
Information Technology	33.93	29.32	26.32	27.56	6.52	10.14	22.29	22.06	6.67	0.97
Health Care	22.32	18.12	16.06	16.77	1.84	4.62	15.03	16.78	2.62	1.60
Consumer Discretionary	42.39	59.58	33.93	42.76	2.44	11.48	20.54	22.31	2.76	0.97
Communication Services	28.07	27.69	23.07	24.66	3.58	3.82	12.71	13.16	4.11	1.03
Financials	14.60	17.04	12.94	14.35	1.81	1.13	4.68	14.79	2.94	2.59
Industrials	22.55	38.90	20.39	26.76	1.89	4.77	14.20	15.13	2.30	1.93
Consumer Staples	23.10	22.37	20.82	21.35	1.47	6.14	15.13	15.03	4.71	2.55
Utilities	20.19	18.59	17.62	17.96	2.68	2.00	9.51	12.53	4.71	3.43
Real Estate	38.38	21.41	19.97	20.46	6.90	3.33	19.52	21.74	9.37	3.18
Materials	25.37	25.92	20.13	22.12	2.07	2.77	12.09	13.46	2.56	2.03

Source: FactSet Market Aggregates

Currency: U.S. Dollar

Source: FactSet

ETF Holdings	1D	1M	3M	YTD	1Y	Download
Ticker	Security Name	Sector	Price	Weight	Return	Contribution
AAPL	Apple Inc	Information Technology	499.23	7.05%	71.18%	+323%
AMZN	Amazon.com Inc	Consumer Discretionary	3,401.80	4.93	84.10	+248
MSFT	Microsoft Corp	Information Technology	228.91	5.95	46.31	+207
FB	Facebook Inc	Communication Services	293.66	2.44	43.07	+81
NVDA	Nvidia Corp	Information Technology	525.91	1.08	123.74	+66
PYPL	Paypal Holdings	Information Technology	204.48	0.83	89.04	+43



CORONAVIRUS

CORONAVIRUS UPDATE

How do we overcome questionable data sources?

This section will be purposefully short this week. There have been some recent questions over the integrity of some of the Coronavirus data sources. When this happens, we take the same approach as we do in the financial world. We focus on the most concrete data possible. In this case, that would be death rates. It is morbid but that is the nature of this subject. In the U.S., although up from July, death rates appear to be relatively stable. I would prefer to report that they are declining, but that is not what the data is indicating. Hopefully, soon we will see that trend declining.

Vaccine work is progressing and treatment options seem to be getting better.

Please continue to stay safe and take the necessary precautions during this difficult time.

The following page has charts summarizing the Coronavirus data.

Keeping up to date on the pandemic will hopefully help you plan your finances as well as your life.

United States

Mobile Friendly

Data Updated 08/26/2020 @ 10pm CDT

From [Johns Hopkins Coronavirus Resource Center](#) and [COVID Tracking Project](#)

Compiled by Chris Tackett

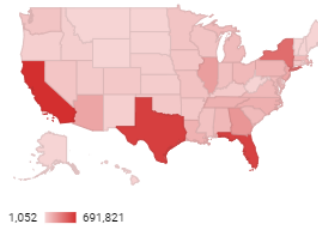
[. Become a patron!](#)

Apr 30, 2020 - Aug 28, 2020

State	Tests
1. California	10,918,415
2. New York	7,905,071
3. Texas	4,793,914
4. Florida	4,517,364
5. Illinois	3,877,339
6. New Jersey	2,748,836
7. Michigan	2,650,831
8. Georgia	2,268,837
9. North Carolina	2,152,725
10. Tennessee	2,128,229

State	Cases
1. California	691,821
2. Texas	626,131
3. Florida	611,991
4. New York	432,131
5. Georgia	263,074
6. Illinois	228,750
7. Arizona	200,139
8. New Jersey	190,613
9. North Carolina	161,076
10. Tennessee	149,179

Cases By State



1,052 691,821

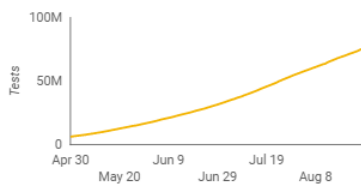
State	Deaths
1. New York	32,926
2. New Jersey	15,953
3. California	12,677
4. Texas	12,499
5. Florida	10,868
6. Massachusetts	9,008
7. Illinois	8,186
8. Pennsylvania	7,622
9. Michigan	6,706
10. Georgia	5,393

1 - 10 / 54

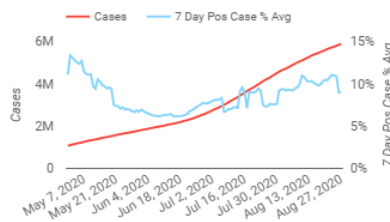
1 - 10 / 54

1 - 10 / 54

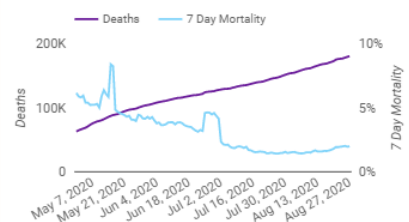
Tests By Date



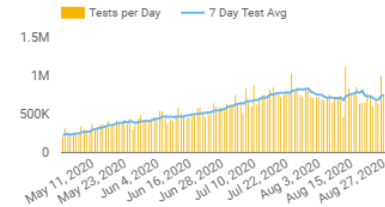
Cases By Date



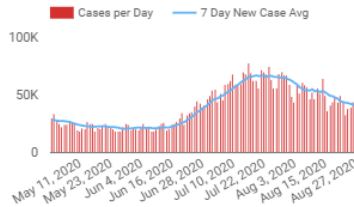
Deaths By Date



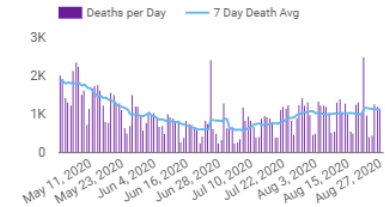
Tests per Day



Cases per Day



Deaths per Day



Data Last Updated: 8/28/2020 6:23:34 PM | Privacy Policy

Source:

<https://datastudio.google.com/u/0/reporting/c8a0edc3-2d74-4d85-9b7a-5ab335eb76b6/page/1XLJB>



FINANCIAL PLANNING UPDATE

National Wellness Month

August was National Wellness Month. Ok, so this is a little late in the month, but there is no reason you cannot apply some of the tips we have for you!

Financial Wellness does not happen in a vacuum. I have visited with thousands of financially successful people and most of them have a higher than average degree of emotion, mental, and physical well being. Take a look at the 8 things you can do on your journey to financial wellness.

<https://abm.emaplan.com/ABM/MediaServe/MediaLink?token=b01b0f94f9aa49a0961c5ab7bfa76e02>

Financial planning is an ongoing process that evolves with your life's changing circumstances.

CONCLUSION

Another good week.

The economy and the markets had another strong week. The Federal Reserve has indicated they will let inflation run higher to keep the economic recovery on track.

Consumer spending is recovering. Keep in mind that Consumer spending is ~70% of our GDP so it bears watching. More people seem to be getting back to work which means they should have more income to spend or at least able to replace what the government is not providing at the moment.

If you would like more details regarding the market, the economy, or Coronavirus, please see the detailed email update.

If you have questions and/or concerns, please give us a call. We are here to help. If this update has been forwarded to you and you would like to be included on future emails, please subscribe at our website at www.323wm.com.

Thank you very much for your time.

DISCLOSURES

Note:

The graphs and charts in this email were gathered from Koyfin, Wall Street Journal, FactSet, and a Covid tracker

(<https://datastudio.google.com/u/0/reporting/c8a0edc3-2d74-4d85-9b7a-5ab335eb76b6/page/1XLJB>)

Services are offered through 323 Wealth Management, LLC, a Registered Investment Adviser in the State of Texas.