

## Daily Market Notes

Market Update : After a really sharply lower opening, the major indices battled their way back from those early declines and by around 2:30pm were able to get slightly positive and in the process the S&P closed at a new all-time high for the second straight day with a 6 point advance to 3669.

**DJIA: 30064**  
**S&P 3678**

**Nasdaq: 12408**

**10YR T-Note: 0.92%**

**EUR/USD: 1.216**

**VIX: 20.91**

**Gold: \$ 1834**

**Crude Oil: \$ 45.64**

The Dow also fought back from a strange early downside shellacking of 225 points, and what was that about, to finally go positive at the same time as the S&P did and ended with a closing gain of 60 to 29,883, still short of the nice round 30,000 level attained last week and it appears that there will be many journeys above and below this number. Previous situations of this sort were included in the chart that I sent out on Tuesday evening as part of the Weekly Market Comments.

Prices Current as of

11:20 AM

Source: CNBC

The Dow was led on the upside by strong gains in BA, CVX, GS, XOM, UNH and DIS for various reasons but was restrained by a very large decline in CRM after its earnings report and its purchase of WORK, in addition to losses in HD, MCD and WMT for whatever reasons as well.

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The Nasdaq ended slightly lower with a 6 point decline to 12,349 with mixed results from its traditional leaders after their strong gains the day before and losses in various issues as well. The Russell 2000 Index of small stocks eked out a nominal gain of 2 up to 1838.

Breadth numbers were just about even and for the second day in a row the VIX actually had the nerve to edge a little higher despite the S&P also setting record highs for the past two days and go figure that one out. It appears that it has developed some support below 20 in the 19 plus area where it would need to break below in order to continue another strong leg higher.

The bank stocks were helped by continued gains in Treasury yields as the 10-year Note got up to .94% which widens out the yield curve from an

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inverted level a year ago which correctly predicted the current recession that the country is mired in.

Stocks have been pushing stocks higher in recent weeks as traders hope coronavirus vaccines will start driving a stronger economic recovery. Investors were not deterred by the ADP estimate for tomorrow's November jobs report for their prediction of only 307,000 which is about half of the official estimate (see below).

Stocks have been ramping higher in recent weeks as drug makers make steady progress in developing coronavirus vaccines. The rollout of a vaccine in the U.S. could begin this month, if regulators give their approval.

PFE shares rose by 3.5% after the drug maker and BNTX said they won permission for emergency use of their COVID-19 vaccine in Britain. The vaccine is the world's first coronavirus shot that is backed by rigorous science and a major step toward eventually ending the pandemic. The move makes Britain one of the first countries to begin vaccinating its population against the virus. The companies have already asked for approval to begin vaccinations in the U.S. in December. MRNA is also asking U.S. and European regulators to allow emergency use of its COVID-19 vaccine as well.

Optimism about vaccine developments have tempered lingering concerns over rising virus cases in the U.S., though worries persist about the economic fallout from new government restrictions on businesses aimed at limiting the spread. The issue is whether the vaccines will meet expectations that it will magically cure the disease and that everything will be fine again and back to normal.

Meanwhile, traders are holding out hope that Democrats and Republicans

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may reach a deal on some amount of economic stimulus for the economy before 2021, though the parties remain divided on the details and the cost. On the other hand, there was some consensus on a new \$809 stimulus bill which is what got the market turned around to the upside later in the day as mentioned above.

The Federal Reserve's latest Beige Book survey of business conditions around the U.S. found that economic activity has slowed in some parts of the country amid a surge in new coronavirus cases. On Wednesday, Federal Reserve Chairman Powell and Treasury Secretary Mnuchin told lawmakers during a House Financial Services Committee hearing that Congress needs to approve COVID-19 relief funds without further delay.

However, it looks like most lawmakers are willing to wait until after President-elect Biden takes office, and by that time you are going to have six to 10 more weeks of economic damage.

LYFT climbed by 10% after the ride-hailing company posted a smaller loss this quarter and better margins. The news helped boost rival UBER up 7% to a new high.

The S&P trades at unknown profit figures for 2020, as the earnings number will be lower this year due to the virus, probably around \$136. If that is the case, then the current P.E. multiple is a historically high 24. On the other hand, it is difficult to put a correct price/earnings multiple for 2020 at the present time because of the large variability in earnings predictions. First-quarter earnings came in at a decline of 13.5%. Second-quarter earnings were lower by 32%. For 2021, the consensus is for \$176 in earnings which means that the S&P is trading at a 20 multiple, higher than the historical average but not too much considering the record low interest rates currently in

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existence. The third and fourth quarters of this year are now projected to show earnings declines of 6.3% and 14% respectively, so this is still a weak profit picture, although companies can rise if they can beat the lowered expectations such as what has been happening lately.

The earnings decline for the third-quarter was solely due to poor results from the energy sector, restaurant and leisure stocks and airlines, no surprises here and if one removes these results, the overall earnings would have been higher by 4.3% which goes to show how well the other sectors have done.

This week will see the final 3Q earnings reports and the lineup is as follows: - yesterday – Dow component CRM lower and NTAP higher; today - DG, SPLK, SNOW and KR lower and MIK, ZS, CRWD, OKTA, PVH higher; tonight - DOCU, MRVL, ULTA. So there are a good number of high-flyers in this group.

Economic releases will see: yesterday – ADP estimate for Friday's jobs report was 307,000, Fed Beige Book on economic conditions said that the economy is still threatened by the extent of the spread of the virus; today - weekly jobless claims fell to 712,000, November ISM Services Survey remained at 55.9; Friday - November jobs report for which the current estimate is a decline down to 425,000 from 628K last month, October factory orders.

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### Disclosures

*Don Selkin is the Chief Market Strategist at Newbridge Securities Corporation, member FINRA/SIPC and provides the Fair Value analysis for CNBC each morning. The commentary provided in this Market Letter is intended to provide our current or potential customers with timely market analysis and should not be considered a research report. This Market Letter may contain, and is limited to: Discussions of broad based indices; Commentaries on economic, political or market conditions; Technical analysis concerning the demand and supply for a sector, index or industry based in trading volume and price; Statistical summaries of multiple companies' financial data, including listings of current ratings; and, recommendations regarding increasing or decreasing holdings in particular industries or securities. This Market Letter does not make a financial or investment recommendation or otherwise promotes a product or service of the firm. This Market Letter contains only news, facts, and commentary on information previously reported from a news source believed to be accurate and reliable by the author. These news sources include the following: {Bloomberg Financial, Reuters, and Associated Press}. It is possible that at any given point in time, the author, Newbridge Securities, or one or more of its employees or registered individuals associated with Newbridge Securities, may hold a position, either long, or short, as well as options, bonds, or other instruments in the companies noted in this report.*