

Market Update Posted: 9/28/2020 1:15 PM EDT

*Stocks Adding to Last Week's Late Gains*

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U.S. stocks are building on last week's late rally in early afternoon trading, with renewed hope that the fiscal relief stalemate could end, progress on the COVID-19 fight, and positive signs of economic recovery remaining bullish catalysts. However, key events such as tomorrow's first presidential debate and Friday's look at the employment front loom on the horizon. Treasury yields are higher, as bonds prices dip and the U.S. dollar is trimming a recent rebound, amid the advance in the equity markets after a stronger-than-expected read on regional manufacturing activity. Gold and crude oil prices are higher. Uber Technologies is rising on a favorable court ruling in the U.K. and Devon Energy announced a merger with WPX Energy. Europe closed higher.

At 12:45 p.m. ET, the Dow Jones Industrial Average is up 1.9%, the S&P 500 Index is gaining 1.6%, and the Nasdaq Composite is increasing 1.2%. WTI crude oil is rising \$0.23 to \$40.48 per barrel, Brent crude oil is gaining \$0.33 to \$42.74 per barrel, and wholesale gasoline is up \$0.02 at \$1.21 per gallon. The Bloomberg gold spot price is \$14.01 higher at \$1,875.60 per ounce, and the Dollar Index—a comparison of the U.S. dollar to six major world currencies—is declining 0.3% to 94.34.

The stock markets have been volatile, flirting with correction territory following a four-week losing streak amid ramped-up uncertainties on the political front and concerns about the economic implications of signs of a resurgence in new COVID-19 cases.

### Regional manufacturing growth accelerates, heavy dose of data on the horizon

The September **Dallas Fed Manufacturing Index** moved further into a level depicting expansion (a reading above zero) than expected. The index rose to 13.6 from 8.0 in August, and above the Bloomberg forecast of 9.5. The index hit the highest level since November 2018 as growth in new orders, production and employment all accelerated.

Treasuries are lower, with the yield on the 2-year note flat at 0.13%, the yield on the 10-year note is ticking 1 basis point (bp) higher to 0.66%, while the yield on the 30-year bond is moving 2 bps higher to 1.42%. Schwab's Fixed Income Strategist, Collin Martin, CFA, discusses in his article, [Why Own Bonds When Yields Are So Low?](#), how we believe fixed income investments still have a place in a well-diversified portfolio.

Today's regional manufacturing report commences a fully-loaded economic docket that is poised to command the heaviest market attention, competing with lingering political uncertainties and spiking European COVID-19 cases.

We will get a deep dive into the psyches of the all-important U.S. consumer, courtesy of September **Consumer Confidence** and **University of Michigan Consumer Sentiment Index** reports, complemented by August **personal consumption and spending figures**. September manufacturing activity will also be on display, in the form of the **ISM Manufacturing Index** and **Markit's final Manufacturing PMI**, along with the **Chicago PMI**. A timely read on the unemployment picture will be further developed in the form of the **initial jobless claims** for the week ended September 26<sup>th</sup>.

However, the headlining report will likely be Friday's September **nonfarm payroll report**, expected to show 850,000 jobs were created after August's near 1.4 million increase.

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VISA INC	CLASS	A	2.00%
APPLE INC			1.73%
VANGUARD FINANCIALS ETF IV			2.82%
BOEING CO			6.07%
GLOBAL PAYMENTS INC			2.08%
VANGUARD US MULTIFACTOR ETF			2.08%
VANGUARD US VALUE FACTORETF			2.54%
VANGUARD S&P 500 GROWTH ETF IV			1.59%
VANGUARD INDUSTRIALS ETF			2.29%
JPMORGAN CHASE & CO			3.16%
SQUARE INC	CLASS	A	1.33%
QUANTA SERVICES INC			1.86%

ISHARES US BASIC MATERIALS ETF	2.13%
BERKSHIRE HATHAWAY CLASS B	1.99%
RAYTHEON TECHNOLOGIES CO	2.94%
CVS HEALTH CORP	1.96%
NAVIENT CORP 6%PFD DUE	
12/15/43SUBJ TO XTRO REDEMPTION	4.42%
FIDELITY MSCI HEALTH CARE INDX ETF	1.21%
BOSTON SCIENTIFIC CO	2.79%
ELASTIC N V F	1.79%
VANGUARD US MINIMUM VOLATILTY ETF	0.99%
MICROSOFT CORP	0.67%
BLACKROCK SCIENCE TECHNO	1.66%
JOHNSON & JOHNSON	1.48%
AVALARA INC	1.00%
WASTE MANAGEMENT INC	0.71%

### Technical pattern suggests S&P 500 could jump 30%, BofA says

Despite September's correction in the stock market, the long-term technical setup for further upside is intact heading into the November election, according to Bank of America. Based on a completed "cup and handle" **technical analysis pattern, the S&P 500 could rise to 3,700 to 4,300, representing potential upside of 12% to 30% from Friday's close, BofA said. Encouraging margin debt data suggests that the current market sell-off is a seasonal correction, and not a long-term top, according to BofA**

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Michael D. Green,  
A Registered Investment Advisor  
TGA Capital Management  
[www.tgacapitalmanagement.com](http://www.tgacapitalmanagement.com)  
[mgreen@tgacapitalmanagement.com](mailto:mgreen@tgacapitalmanagement.com)  
25 Braintree Hill Office Park~ Suite 200  
Braintree, MA 02184  
1-508-224-9646

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