

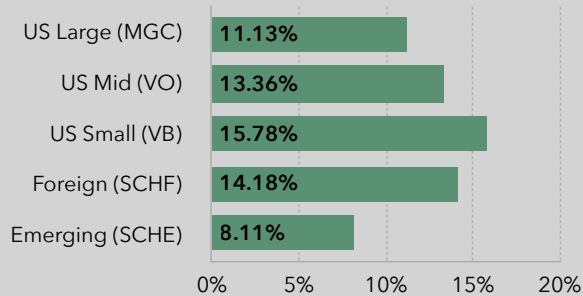
## November 2020

### Economic Data

- Only 245,000 jobs were added in November as payroll growth slowed dramatically to pre-pandemic levels; the unemployment rate fell two-tenths to 6.7%
- Retail sales were up 0.3% for the month of October thanks to strong numbers from nonstore retailers
- Y/y inflation (CPI) eased to 1.2% in October
- Existing home sales rose for the fifth month in a row in October, up 4.3%, and the median sale price was \$313,000

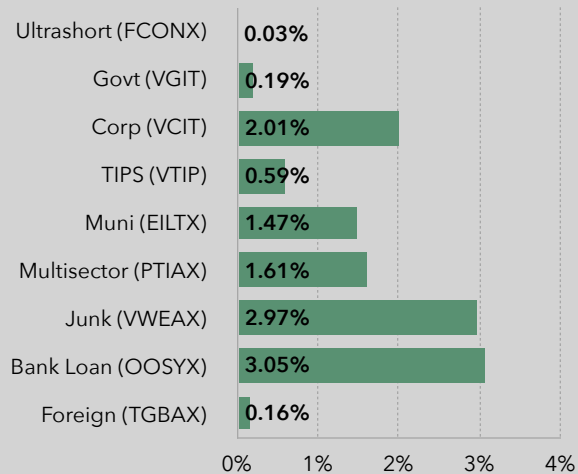
### Stocks

#### November Returns



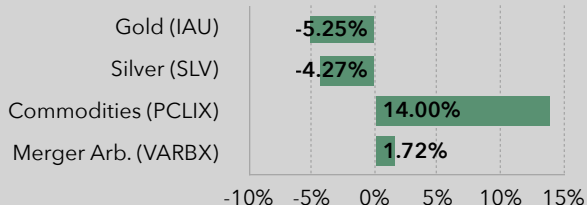
### Bonds

#### November Returns



### Alternatives

#### November Returns



Performance data provided by Morningstar.

The brain uses two systems to process information. The first type is intuitive but lazy, rapidly forming judgements with no conscious input. The second system is slow, reflective, and is not guided by emotions. It is that second system — type 2 — that we want in control of our investment portfolios.

### The Hottest Christmas Gift of 2020

Every year there seems to be a must-have Christmas present that parents will go to great lengths to get under the tree for their darling children. In the 80's there were Cabbage Patch Kids and Teddy Ruxpin. Tickle Me Elmo and Furby were all the rage in the 90's. Razor scooters and the Nintendo Wii were a couple of the popular items this century.

Some parents put the work in waiting in line in the cold, or driving to a half-dozen different stores to find it. Others might pay a hefty premium to score one on eBay. Sometimes it gets ugly.



It's my third trip to the store this week. I wander the aisles in a daze hoping to find what surely must be the hottest Christmas gift of 2020. A PlayStation 5, you ask? No, what I seek is far more elusive. I'm hunting for very rare prey, indeed—a pack of Charmin UltraSoft double-rolls. It's going to take a Christmas miracle to find one.

This has been a weird year. If I had told you in January there was going to be a global pandemic; that borders would be closed and parts of the economy completely shut down—where would you have guessed the stock market would be at the end of the year? At all-time highs, obviously.

As you can see in the charts to the left, equity markets enjoyed a banner month in November as they began to put the election in the rearview mirror and news of effective vaccines forthcoming spurred euphoria. Despite the good news, though, we're far from out of the woods. I have read some estimates of widespread vaccine availability by May, which likely means it will still be a rough winter for the economy.

### Winter is Coming

Another factor driving markets higher recently is the hope of a new \$908 billion stimulus package that republicans and democrats have been negotiating. The proposed package now on the table includes, among other things:

- \$300/week in extra unemployment benefits for four more months
- \$160 billion in state and local aid

- \$288 billion more for PPP loans to small businesses
- \$25 billion for rental assistance

Negotiations are heated, and a couple of things could derail the ongoing talks. The money for state and local municipalities remains a sticking point for republicans, while liability protections appear to be the stumbling block on the other side of the aisle. Democrats have offered a 6-month moratorium on COVID-related lawsuits against businesses, but republicans in the senate are looking for broader federal limits.

What's noticeably missing from the proposed package is the actual stimulus checks. There is no mention of another round of \$1,200 direct stimulus checks being sent out. On top of that, \$560 billion of that money is just repurposed funds from the original CARES Act that weren't used. So we're only talking \$348 billion in new money. Even if both sides come to an agreement, I don't think this package will have nearly the kind of firepower as the \$2.8 trillion in fiscal measures passed in March and April, especially since that was also accompanied by monetary stimulus.

Still, failure to pass a deal puts the economy at higher risk of a double-dip recession while we wait for the vaccines to be manufactured and distributed. There is a particularly large and looming risk with regards to rent, which \$25 billion would be allocated to.

As it stands, the Centers for Disease Control and Prevention's eviction moratorium will expire on New Year's Eve. At the moment, \$70 billion in unpaid back rent and utilities are set to come due, according to a report from Moody's Analytics Chief Economist Mark Zandi.

There are other safety nets going away, as well. Student loan forbearance has been extended, but will expire January 31st. Further down the road we will see the mortgage forbearance programs also roll off. 5.67% of total home loans are now in forbearance, according to the Mortgage Bankers Association's (MBA) latest Forbearance and Call Volume Survey. Winter is indeed coming.

### Have a Safe and Happy Holiday Season

I hope everyone has a safe and happy holidays, whether you are able to spend it with loved ones or you are safe and alone watching all the cheesy Netflix Christmas movies about princes and princesses from made-up countries like Aldovia, and Belgravia, and Montenegro. I will be taking a COVID test tomorrow, slapping on my most fashionable face mask, and heading to Oahu for the holidays. So I'll leave you with the thing to say on a bright Hawaiian Christmas Day.

### Binge Box

#### No Man's Land (Hulu)

The civil war in Syria has been going on for almost a decade now, with its genesis coming about during the Arab Spring of 2011. I remember years ago trying to understand the differences between the multitude of factions aligning and fighting with each other. In the process, I learned there are scores of foreign western rebels in the YPG faction. They come from places like the US, UK, Canada, France, and Australia, among others, and have fought alongside Syrian Kurdish militias against ISIS. But the most interesting thing about the YPG was the YPJ, its all-female militia. *No Man's Land* is an action/drama series inspired by the story of the YPJ and told through the eyes of a man looking for his presumed-to-be-dead sister.

Tactical Asset Allocation					
Asset Class	Heavy Under-weight	Under-weight	Neutral	Over-weight	Heavy Over-weight
<b>Fixed Income</b>			●		
Ultrashort					●
US Govt.		●			
TIPS			●		
Multisector			●		
Bank Loans	●				
Foreign Bonds				●	
<b>Equities</b>		●			
Large Cap	●				
Mid Cap		●			
Small Cap	●				
Developed Intl.		●			
Emerging		●			
<b>Alternatives</b>					●
Commodities					●
Hedging					●



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## About EmeraldSpark

EmeraldSpark Investments, LLC is a Registered Investment Adviser based in Chicago, IL. We were founded by Ryan P. Layton, CFA in 2015 to provide personalized financial planning and fiduciary investment management services to select clients. Our investment process blends the foundations of Modern Portfolio Theory with the latest research in the field of behavioral finance. We specialize in asset allocation and investment due diligence to help provide our clients with investment strategies personalized to match their specific goals and risk comfort zone.

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