

# Monthly Market Commentary

## November 2020 Recap

Stocks rallied to record highs in November amid encouraging vaccine data and political clarity in the United States. The Dow Jones Industrial Average topped 30,000 for the first time on the way to its biggest monthly gain since 1987 (+11.8%). The S&P 500 and Nasdaq Composite jumped 10.8% and 11.8%, respectively, with both benchmarks rising the most since April. The small-cap Russell 2000 Index outperformed them all, notching its best monthly performance on record (+18.3%) as cyclical and value-oriented shares benefitted from hope that vaccine developments could pave the way for a robust economic recovery in 2021.

The bulk of the optimism was chalked up to a steady stream of encouraging COVID-19 vaccine news throughout November. By month-end, three major pharmaceutical companies had vaccine candidates that showed more than 90% efficacy in preventing the virus among participants in late-stage trials. Further, the experiential vaccines from Moderna (MRNA \$152.74) and Pfizer (PFE \$38.31) were submitted to the U.S. Food and Drug Administration for emergency use authorization, raising the possibility that a vaccine could be distributed before year-end. The news helped offset concerns of worsening coronavirus trends, with a number of states and cities installing fresh lockdown measures as the U.S. saw rates of new infections and hospitalizations persisting at record levels.

With vaccine trial results providing room for optimism about the future, companies that stood to benefit the most from reopening activity saw outsized gains, with the more-cyclical and value-oriented shares outperforming on a relative basis. In fact, the Russell 1000 Value Index outpaced its growth counterpart by more than three percentage points in November. The Energy group, which came into the month as by far the worst performing S&P 500 sector of 2020, paced the gains as West Texas Intermediate crude surged more than 25% in November. Industrials also outperformed, with Boeing (BA \$210.71) soaring 45.9% for the month after the U.S. Federal Aviation Administration and the European Union cleared the aerospace giant's grounded 737 Max jet for service. Financials, another underperforming sector in 2020, climbed 16.7% as the 10-year Treasury yield climbed to as high as 0.98%, before ending the month at 0.84%. Another notable corporate update included the announcement from S&P Dow Jones that Tesla (TSLA \$567.60) would be added to the S&P 500 Index in December, becoming the largest-ever new entry into the benchmark index.

Wall Street also kept an eye on the U.S. elections results. Despite a photo finish for the presidential election, the S&P 500 saw its steepest post-election increase on record. The likely outcome of a split government, in which Democrats would hold the White House and the House of Representatives while the Republicans would retain control of the Senate after Georgia's run-off elections on January 5, boosted investor sentiment as it reduced the probability of any meaningful changes in tax and regulatory policies. Meanwhile, the outcome of a closely watched state proposition in California gave investors another reason to cheer. Uber Technologies (UBER \$49.66) and Lyft (LYFT \$38.17) both surged mid-double digits in November after California voters approved an initiative allowing ride-hailing companies to classify their drivers as independent contractors rather than employees. The clarity from the elections countered the fiscal stimulus stalemate in Washington, as lawmakers failed to agree on the size and scope of a fifth coronavirus relief package.

Economic data was another bright spot. A reading from research firm IHS Markit showing overall U.S. business activity increased at the fastest pace since 2015 in November, as manufacturing activity continued to expand while the services sector showed surprising resilience. The Institute for Supply Management's (ISM) manufacturing purchasing-managers index came in at 59.3 in October, well above analyst expectations and the steepest uptick since 2018. Updates on the labor market were mixed, with the first-Friday jobs report from the Department of Labor showing the U.S. economy added 638,000 jobs in October, which was above analyst expectations of a 580,000-job increase. The report also revealed that the unemployment rate dropped to 6.9% from 7.6% in September. However, the final November initial jobless claims update showed a back-to-back weekly uptick in Americans filing for unemployment benefits for the first time since July.

**Disclaimers**

Pricing as of market close on November 30, 2020 unless indicated otherwise.

All investing involves some degree of risk, whether it is associated with market volatility, purchasing power or a specific security.

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**Index Definitions**

The S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.

The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization.

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

U.S. Markets		Price Return (%)		Total Return (%)		
Index	Close	November	November	October	YTD*	
S&P 500	3621.63	10.75	10.95	-2.66	14.01	
Dow Jones Industrial Average	29638.64	11.84	12.14	-4.52	6.11	
Nasdaq Composite	12198.74	11.80	11.91	-2.26	37.17	
S&P 400 Mid Cap	2168.50	14.12	14.27	2.17	6.70	
S&P 600 Small Cap	1034.51	18.02	18.16	2.57	2.70	

U.S. Sector Performance		Price Return (%)		Total Return (%)		
Index	Close	November	November	October	YTD*	
Communications Services	215.31	9.54	9.56	0.79	19.92	
Consumer Discretionary	1271.43	8.48	8.56	-2.93	30.01	
Consumer Staples	686.37	7.34	7.52	-2.81	8.81	
Energy	274.42	26.57	28.04	-4.42	-36.47	
Financials	462.45	16.75	16.90	-0.81	-7.53	
Health Care	1276.31	7.77	7.94	-3.68	9.18	
Industrials	741.25	15.64	15.97	-1.43	9.75	
Information Technology	2168.10	11.26	11.43	-5.10	36.08	
Materials	445.41	12.23	12.51	-0.78	17.73	
Real Estate	225.82	6.79	6.95	-3.33	-3.61	
Utilities	317.73	0.26	0.76	5.04	-0.18	

International Markets		Price Return (%)		Total Return (%)		
Index	Close	November	November	October	YTD*	
U.K. FTSE 100	6266.19	12.35	12.69	-4.75	-14.26	
Germany DAX	13291.16	15.01	15.01	-9.44	0.32	
France CAC 40	5518.55	20.12	20.12	-4.36	-5.67	
Spain IBEX 35	8076.90	25.18	25.33	-3.73	-13.11	
Italy FTSE MIB	22060.98	22.95	23.05	-5.64	-4.09	
Greece ATHEX	736.92	29.40	29.40	-8.84	-17.55	
MSCI Emerging Market	1205.07	9.21	9.25	2.08	10.49	
Shanghai Composite	3391.76	5.19	5.20	0.22	13.81	
Japan Nikkei 225	26433.62	15.04	15.04	-0.90	13.77	
Hong Kong Hang Seng	26341.49	9.27	9.38	2.79	-3.51	
Brazil Bovespa	108893.30	15.90	15.90	-0.69	-5.84	
Russia Micex	3107.58	15.50	15.52	-5.83	7.96	
India Sensex	44149.72	11.45	11.45	4.25	8.30	

Treasuries		Historical Yields			
Maturity	November Ask Yield	October	September	August	July
2-Year	0.15	0.15	0.13	0.13	0.11
5-Year	0.36	0.38	0.28	0.27	0.20
10-Year	0.84	0.87	0.68	0.70	0.53
30-Year	1.57	1.66	1.46	1.47	1.19

Municipal Bonds		Price Return (%)			
Maturity	Close	November	October	September	YTD*
S&P Municipal Bond Index	273.47	1.27	-0.14	0.02	4.34
S&P Muni Bond Long Intermediate	286.21	1.26	-0.19	0.03	4.78
S&P Muni Bond Intermediate	271.49	1.08	-0.17	0.05	4.49
S&P Muni Bond Short	179.75	0.19	-0.09	0.08	2.18
S&P Muni Bond Investment Grade	269.96	1.21	-0.17	0.01	4.34
S&P Muni Bond High Yield	331.04	2.15	0.24	0.20	4.14
S&P Muni Bond General Obligation	263.96	1.10	-0.20	-0.03	4.82

Commodities		Price Return (%)			
Front Month Futures	Close	November	October	September	YTD*
CRB Index	160.06	10.59	-2.54	-3.07	-13.85
Oil/bbl	45.34	26.68	-11.01	-5.61	-25.75
Natural Gas	2.88	-14.07	32.73	-3.92	31.66
Gold	1775.70	-5.54	-0.40	-4.21	16.58
Silver	22.53	-4.70	0.65	-17.38	25.74
Copper	342.05	12.24	0.49	-0.28	22.29
Nickel	15993.00	5.72	4.42	-5.59	14.50

Foreign Exchange		Price Return (%)			
Currency	Close	November	October	September	YTD*
Dollar Index	91.87	-2.31	0.16	1.89	-4.69
Euro/USD	1.19	2.40	-0.63	-1.80	6.37
USD/Yen	104.31	-0.33	-0.78	-0.41	-3.96
GBP/USD	1.33	2.90	0.21	-3.37	0.50
USD/CAD	1.30	-2.40	0.02	2.08	0.08
USD/Krona	8.57	-3.64	-0.66	3.61	-8.45
USD/Swiss Franc	0.91	-0.88	-0.42	1.90	-5.97

Source: Bloomberg

\*All prices as of the close November 30, 2020

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