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## Morning Brew: December 28, 2020

The S&P 500 futures trade 25 points, or 0.7%, above fair value at around the 3720 level after President Trump signed the \$900 billion stimulus and omnibus bill that funds the government through Sept. 30.

The House will vote today to raise stimulus checks to \$2000, but it's not likely to get 60 votes needed to pass in the Senate, which means the stimulus checks will remain at \$600 for now. Recall, the stimulus/funding bills were originally passed by Congress last week, but President Trump wavered in signing it because he wanted \$2000 stimulus checks.

Separately, holiday retail sales excluding automotive and gasoline increased 3.0% yr/yr this expanded holiday season (Oct. 11-Dec. 24) with online sales up 49.0% compared to 2019. No other economic data will be released today.

U.S. Treasuries have edged lower, pushing yields higher. The 2-yr yield is up one basis point to 0.13%, and the 10-yr yield is up two basis points to 0.96%. The U.S. Dollar Index is little changed at 90.29. WTI crude futures are up 1.1%, or \$0.52, to \$48.75/bbl.

### U.S. equity futures:

- S&P 500 Futures +25 @ 3721
- DJIA Futures +163 @ 30272
- Nasdaq 100 Futures +100 @ 12804

### Overseas:

- Europe: DAX +1.6%, FTSE closed, CAC +1.2%
- Asia: Nikkei +0.7%, Hang Seng -0.3%, Shanghai unch

Indices	Close	1 Day	3 Mo	YTD	12 Mo
S&P 500	3703.06	0.35%	14.06%	14.62%	14.88%
Dow Jones	30199.87	0.23%	12.62%	5.82%	5.91%
NASDAQ Composite	12804.73	0.26%	19.98%	42.71%	43.02%
Russell 2000	2003.95	-0.16%	38.03%	20.11%	19.42%
NYSE Alerian MLP	141.40	-0.83%	33.73%	-35.20%	-35.80%
Barclays Inter. G/C Bond	117.58	0.11%	-0.08%	4.37%	4.50%
MSCI The World	2659.04	0.29%	15.60%	12.74%	13.06%
MSCI EAFE	2118.03	0.22%	15.68%	3.98%	4.35%
MSCI Emerging Markets	1253.53	-0.36%	18.51%	12.46%	13.03%
Euro Stoxx	3543.28	0.09%	17.37%	2.69%	3.13%
China CSI 300	5064.41	0.44%	15.71%	31.85%	36.16%

S&P Sectors					
Consumer Discretionary	1277.28	0.15%	9.63%	29.50%	30.68%
Consumer Staples	687.75	0.40%	6.59%	6.30%	6.38%
Energy	287.38	-0.63%	25.36%	-37.04%	-37.12%
Financials	481.31	0.08%	24.38%	-5.88%	-5.59%
Health Care	1299.88	0.24%	9.95%	9.40%	8.95%
Industrials	744.10	0.07%	16.81%	8.22%	7.84%
Information Technology	2270.60	0.75%	15.96%	40.93%	41.69%
Materials	450.45	0.57%	15.56%	16.74%	17.33%
Real Estate	223.92	0.84%	6.01%	-6.82%	-5.52%
Communication Svcs.	217.70	0.16%	14.58%	19.85%	19.65%
Utilities	311.30	0.69%	5.96%	-5.20%	-4.32%

Commodities					
Commodity Index	77.03	0.00%	8.69%	-4.77%	-4.51%
Crude Oil (\$/bbl)	48.23	0.23%	17.77%	-44.52%	-44.57%
Natural Gas (\$/btu)	2.52	-3.45%	-23.71%	-46.50%	-46.45%
Gold (\$/ozt)	1883.20	0.27%	-0.01%	18.00%	19.43%

Currencies					
US Dollar per Euro	1.218	0.00%	4.86%	8.54%	9.86%
USD / China Renminbi	0.153	0.00%	4.41%	6.65%	7.29%

Sovereign Bond Yields		5 Yr Avg	30 Yr Avg
U.S. 10-Year Treasury	0.93	2.02	4.26
U.S. 10Yr - 2Yr Spread	0.81	U.S. 10Yr - 3Mo Spread	0.84

S&P 500 Metrics		5 Yr Avg	15 Yr Avg
Dividend Yield	1.58	2.07	2.18
P/E Ratio - Next 12 Mo.	22.48	17.77	15.08
P/E Ratio - Last 12 Mo.	27.15	19.20	16.46

Returns are Price Only, in US Dollar terms

Sources: Briefing.com, FactSet, Raymond James Research, Raymond James Equity Portfolio & Technical Strategy



Source: FactSet and RJ Equity Portfolio & Technical Strategy

In U.S. Corporate news:

- **AT&T** (T 28.99, +0.30): +1.1% after "Wonder Woman 1984" made \$16.7 million at the box office, which is the highest box office sales since the pandemic began. Nearly half of the HBO Max subscribers viewed the film on the streaming platform, according to *CNBC*.
- **Pfizer** (PFE 37.35, +0.08): +0.2% amid news that it will complete supply of an initial 200 million doses of its COVID-19 vaccine to the EU by September, according to *Reuters*

#### Today's U.S. Economic Data (Briefing.com)

- No economic data of note

#### OVERSEAS OVERNIGHT SUMMARY (BRIEFING.COM)

- Equity indices in the Asia-Pacific region began the week on a mostly higher note while markets in Australia and New Zealand were closed for Boxing Day. Japan's Nikkei: +0.7%, Hong Kong's Hang Seng: -0.3%, China's Shanghai Composite: UNCH, India's Sensex: +0.8%, South Korea's Kospi: +0.1%, Australia's ASX All Ordinaries: CLOSED.
- In economic data:
  - China's November Industrial Profit 15.5% yr/yr (last 28.2%)
  - Japan's November Industrial Production 0.0% m/m (expected 1.2%; last 4.0%)
  - Hong Kong's November trade deficit HKD25.60 bln (last deficit of HKD36.80 bln). Imports 5.1% m/m (last 0.6%) and Exports 5.6% m/m (last -1.1%)
- In news:

- Alibaba remained pressured in Hong Kong as Chinese regulators intensified their scrutiny of Ant Group, which is partially owned by Alibaba.
- Japan will close its borders to non-Japanese visitors for the next month while South Korea will maintain its present restrictions for another week.
- Major European indices trade on a firmly higher note while the U.K.'s FTSE is closed for Boxing Day. STOXX Europe 600: +0.9%, Germany's DAX: +1.6%, U.K.'s FTSE 100: CLOSED, France's CAC 40: +1.2%, Italy's FTSE MIB: +0.9%, Spain's IBEX 35: +0.6%.
  - In economic data:
    - Spain's November Retail Sales -4.3% yr/yr (last -3.0%)
    - France's November Jobseekers 3.586 mln (last 3.550 mln)
  - In news:
    - Overall trading volume is expected to be low throughout the week.
    - The British Parliament will vote on the Brexit agreement on Wednesday.

#### STOCK HEADLINES (BRIEFING.COM)

#### Earnings/Guidance:

- Weibo (**WB**) beats by \$0.06, beats on revs; guides Q4 revs below consensus

#### General News:

- President Trump signs \$900 bln stimulus and omnibus bill that funds government through September 30; House will vote today to raise stimulus checks to \$2000, but it is not likely to get 60 votes needed to pass (which means the stimulus checks remain at \$600 and rest of the bill remains the same)
- France, Canada, and Japan are among reporting cases of new coronavirus variant, according to *The New York Times*
- A bomb exploded in downtown Nashville on Christmas Day, which injured at least 3 people and damaged buildings. The suspect died in the explosion, according to *The Wall Street Journal*
- House will vote today to override President Trump's veto on the defense authorization bill with the Senate voting later this week. Both chambers are expected to have enough votes to override the veto.
- According to Mastercard SpendingPulse, holiday retail sales excluding automotive and gasoline increased 3.0% this expanded holiday season, running from October 11 through December 24
- CDC will require air passengers arriving from the UK to test negative for COVID-19, via PCR or Antigen test
- UK will begin Oxford coronavirus vaccine rollout on January 4, according to *Telegraph UK*
- China will extend tariff exemptions for white oil and petroleum wax for another year, according to *Reuters*
- Alibaba (**BABA**): China wants Ant Group to overhaul its business, according to *FT*
- Alibaba (**BABA**) upsizes share repurchase program to \$10 bln from \$6 bln
- AT&T (**T**): Wonder Woman 1984" made \$16.7 mln at box office, which is highest box office since pandemic began; nearly half of the HBO Max subscribers viewed the film on the streaming platform - *CNBC*
- AstraZeneca (**AZN**) and Merck (**MRK**) receive retrieve approval in Japan for Lynparza treatment of advanced ovarian, prostate and pancreatic cancers
- Bristol-Myers (**BMY**) receives EMA validation for application for Zeposia for the treatment of ulcerative colitis
- CytoDyn (**CYDY**) receives FDA guidance for adding an open-label extension to Phase 3 Trial for severe-to-critical COVID-19 patients until trial data is unblinded; results of CD10 trial will not support an eIND request

- DISH Network (**DISH**) announced it reached a new, multi-year carriage agreement with Nexstar Media Group (NXST)
- Humanigen (**HGEN**) secures US patent for lenzilumab in preventing cytokine storm and neurotoxicity related to CAR-T Cell Therapy
- IMV (**IMV**) provides update on COVID-19 vaccine program; Preclinical safety, long duration of antibody titers and potential for protection demonstrated in preclinical immunogenicity and challenge studies
- Myovant Sciences (**MYOV**) and Pfizer (**PFE**) to collaborate to develop and commercialize Relugolix
- Pfizer (**PFE**) to supply an initial 200 mln doses of COVID-19 vaccine to EU by September, according to *Reuters*
- Tronox (**TROX**) Chairman and CEO takes leaves of absence; appoints interim officers
- United Therapeutics (**UTHR**) announces agreement to acquire priority review voucher

**Today's Research - [VIEW FULL REPORT](#)**

Sources: Briefing.com, FactSet, Raymond James Research, Raymond James Equity Portfolio & Technical Strategy (M20-3383177)

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### Index Definitions

The **S&P 500** is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market.

The **Dow Jones Industrial Average (DJIA)** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the NASDAQ.

The **NASDAQ Composite** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market.

The **MSCI World All Cap Index** captures large, mid, small and micro-cap representation across 23 Developed Markets (DM) countries. With 11,732 constituents, the index is comprehensive, covering approximately 99% of the free float-adjusted market capitalization in each country.

The **MSCI EAFE (Europe, Australasia, and Far East)** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in 23 emerging market countries. The index's three largest industries are materials, energy, and banks.

The **Russell 2000** index is an index measuring the performance of approximately 2,000 smallest-cap American companies in the Russell 3000 Index, which is made up of 3,000 of the largest U.S. stocks.

The **NYSE Alerian MLP** is the leading gauge of energy infrastructure Master Limited Partnerships (MLPs). The capped, float-adjusted, capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis (AMZX).

The **Barclays Intermediate Government/Credit Bond** index measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

The **Euro Stoxx 50 Index** is a market capitalization weighted stock index of 50 large, blue-chip European companies operating within Eurozone nations. Components are selected from the Euro STOXX Index which includes large-, mid- and small-cap stocks in the Eurozone.

The **China CSI 300** is a capitalization-weighted stock market index designed to replicate the performance of top 300 stocks traded

in the Shanghai and Shenzhen stock exchanges. It had a sub-indexes CSI 100 Index and CSI 200 Index.

The **S&P 500 Futures** is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **DJIA Futures** is a stock market index futures contract traded on the Chicago Mercantile Exchange's Globex electronic trading platform. Dow Futures is based off the Dow 30 stock index.

The **Nasdaq 100 Futures** is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international companies listed on the NASDAQ.

**Europe: DAX** (Deutscher Aktienindex (German stock index)) is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange.

**Asia: Nikkei** is short for Japan's Nikkei 225 Stock Average, the leading and most-respected index of Japanese stocks. It is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results. Future investment performance cannot be guaranteed, investment yields will fluctuate with market conditions.

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