

## **Brinker Capital Market Barometer**

We continue to focus on the COVID-19 pandemic and the upcoming election as key drivers for the economy, financial markets, and confidence over the near term. The Federal Reserve remains extremely supportive from a monetary policy perspective, while it remains to be seen whether Washington, DC can agree on another fiscal package. Due to our uneven economic recovery, and uncertainty surrounding the upcoming election, we expect the equity market to remain range-bound in the near term. Overall, the barometer leans neutral to slightly positive, in-line with our modest overweight to risk across portfolios.

| SHORT-TERM FACTORS (< 6 months)         |        |          |         |          |   |
|---|--------|----------|---------|----------|---|
|   | CHANGE | NEGATIVE | NEUTRAL | POSITIVE |   |
| Momentum                                | •      |          |         |          | Momentum remains solid  |
| Trend                                   |        |          |         |          | US markets above 50-day and 200-day moving averages                             |
| Investor sentiment                      | •      |          |         |          | Sentiment surveys show optimism but equity outflows continue                    |
| Seasonality                             |        | •        |         |          | Seasonality weaker through October, especially during election cycle            |
| INTERMEDIATE-TERM FACTORS (6-36 months) |        |          |         |          |   |
|   | CHANGE | NEGATIVE | NEUTRAL | POSITIVE |   |
| Fiscal policy                           | •      |          |         |          | Strong initial fiscal response; debate on additional package continues          |
| Monetary policy                         |        |          |         |          | Fed all in to support markets and economy; Global central banks also supportive |
| Inflation                               |        |          |         |          | Global inflation low; Fed committed to more flexibility with inflation target   |
| Interest rate environment               |        |          |         |          | Treasury yields remain at low levels but stable; yield curve positively sloped  |
| Macroeconomic                           |        |          |         |          | Macroeconomic data has bottomed; uneven improvement as economy reopens          |
| Business sentiment                      |        |          |         |          | CEO confidence improved but still weak; small biz optimism improving            |
| Consumer sentiment                      |        |          |         |          | Increased sharply in August, but remains below pre-pandemic levels              |
| Corporate earnings                      |        |          |         |          | Looking for improvement after negative impact of COVID-19 on 1H2020 results     |
| Credit environment                      |        |          |         | •        | Credit environment is stable and Fed remains supportive                         |
| LONG-TERM FACTORS (36+ months)          |        |          |         |          |   |
|   | CHANGE | NEGATIVE | NEUTRAL | POSITIVE |   |
| Valuation                               |        |          |         |          | Equity valuations above long-term averages but not a near-term driver           |
| Business cycle                          |        |          |         |          | US exited recession that began in February; recovery will be uneven             |
| Demographics                            |        |          | •       |          | Mixed - US and emerging markets positive but developed international negative   |



## **SUMMARY**

There were no changes to the short, intermediate, or long-term factors for October.

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Source: Brinker Capital. Information is accurate as of October 8, 2020. Themes and specific funds utilized to implement themes are discussed within the context of Brinker Capital's managed asset allocations and are based on current market conditions and constitute Brinker Capital's judgment and opinions, which are subject to change without notice. Past performance does not guarantee future results. Statements referring to future actions or events, such as the future financial performance of certain asset classes or market segments, are based on the current expectations and projections about future events provided by various sources, including Brinker Capital's Investment Management Group. These statements are not guarantees of future performance and actual events may differ materially from those discussed. Brinker Capital Investments, LLC, a registered investment advisor.

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