



# Weekly Market Review

By: Joe Clark, CFA, Allegheny Research Team



## *The Week Ending January 8, 2021*

Despite a week marked by political unrest and a poor jobs report, the stock market continued its trend from last year and started 2021 with a positive week, even ending the week at record levels. The focus going into the week was the runoff elections in Georgia, which would determine which party controls the Senate for the next two years. The outcome confirmed Democrats will control the Senate (by the slimmest of majorities), the House of Representatives, and the White House. Some unfriendly market policies, like potential tax increases, or at least unwinding the tax cuts from the Trump Administration, can be expected. However, it was the market-friendly policies, like additional stimulus, that played a larger role for the stock market last week. The jobs report took expected stimulus a step further when it showed negative jobs growth for the first month since April, leading the stock market to expect another trillion-dollar stimulus package sometime this year.

December's job report marked the first month since the beginning of the COVID-19 pandemic that the U.S. economy suffered job losses over a monthly period. Total payrolls fell by 145,000 jobs in December, dragged down by the leisure and hospitality sector, which alone lost close to 500,000 jobs. Since outdoor dining has taken a break for the winter months, restaurants were hit the hardest, and additional lockdown measures have led to layoffs for the industry. Of the jobs lost within the hospitality sector, restaurants accounted for close to three-quarters of the losses.

Hospitality was one of only a few sectors to post job losses for December, accompanied by state and local governments, and private education. On the positive side, many industries are seeing growth and, like construction, have recovered most of the initial jobs lost last spring. The increasing spread of COVID-19 keeping people at home is even being seen in the jobs report. Warehouses continue hiring to keep up with the demands of online shopping. As the pandemic continues, the economy is being pulled in two directions.

The rebound's shape has not been discussed as much recently since it has seemingly been a V-shape, at least from a stock market perspective. Nevertheless, a K-shaped recovery continues to be the most likely. Much of the economy continues to struggle, especially for those who rely on every paycheck or tips for their income. The winter months ahead will be important in determining the degree to which the divergence of the economy's two paths continue.



The information included herein was obtained from sources which we believe reliable. This report is being provided for informational purposes only. It does not represent any specific investment and is not intended to be an offer of sale of any kind. Past performance is not a guarantee of future results.

Allegheny Financial Group is a Registered Investment Advisor. Securities offered through Allegheny Investments, LTD, a registered Broker/Dealer. Member FINRA/SIPC.