

The Top Charts for 2020

In this edition of *Evergreen Chartbook*, we will look back through 2020 and showcase the top charts during what's been a rather unique year, to say the least.

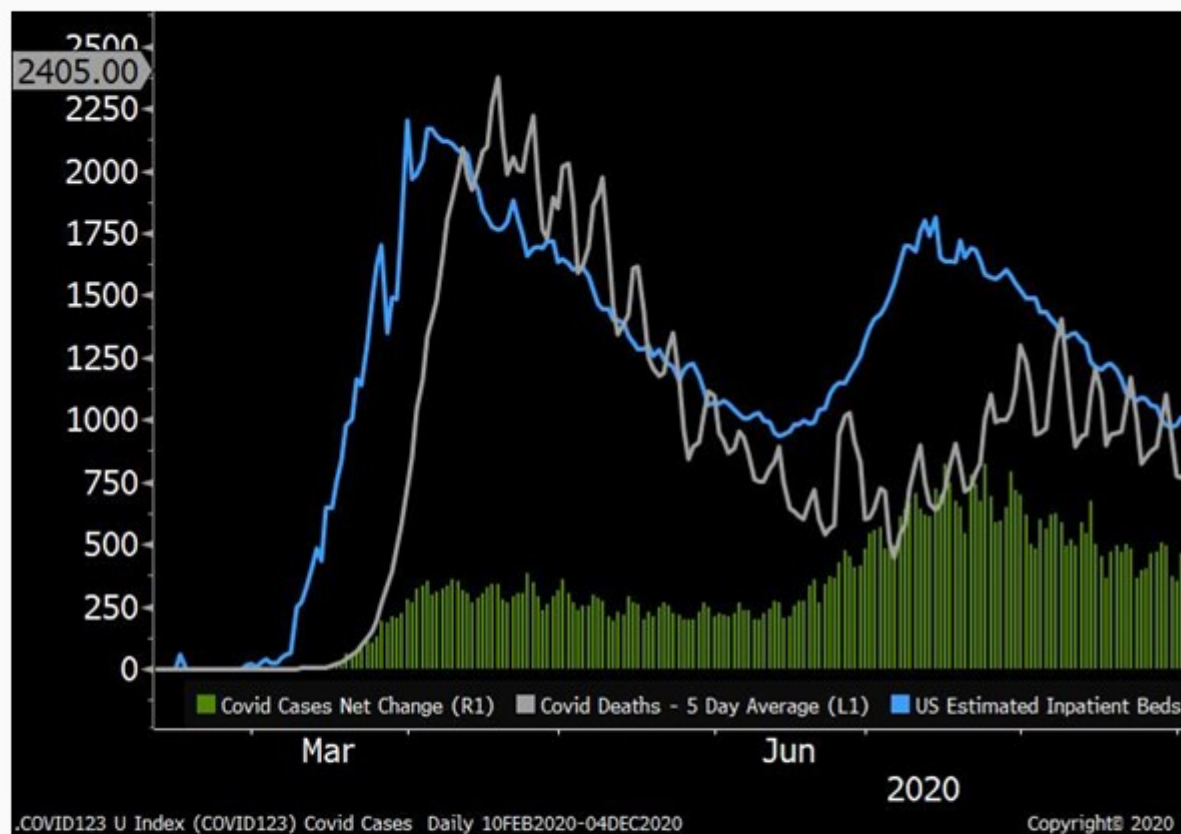
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2019-Novel Coronavirus Cases, Deaths, and



- A 2020 chartbook would be severely incomplete without a Covid chart. Above, you can see
- As you can observe, the third (and most recent) wave has exceeded March levels, and could
- We expect cases to peak in the next two months with cases, hospitalizations, and deaths c
- By the second-half of 2021, we believe the virus will be relatively under control

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US GDP, Retail Sales, and Unemployment



- The first wave of Covid and subsequent economic shutdowns brought about the sharpest recession in the chart above) with a -9% quarterly contraction, or -31.4% annualized
- Fortunately, following this sharp recession, so far, we have witnessed a V-shaped recovery
- The unemployment rate has markedly improved from 14.7% to 6.7% and US retail sales have recovered by November

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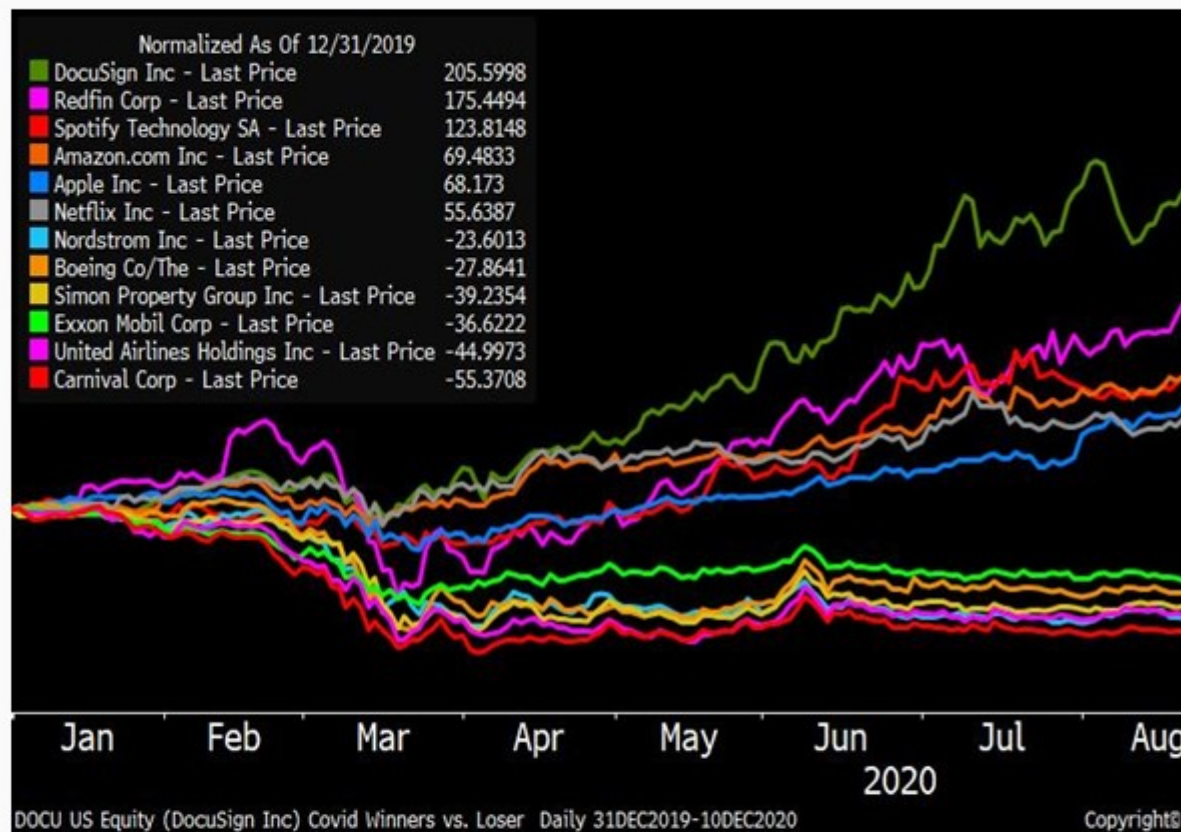
Year-to-Date Sector Re



- The market rewarded sectors that were able to continue providing services to consumers
- Performance disparity between sectors this year has been the most significant since the epidemic
- Energy, retail, airlines and really any industries tied to being out of the house were hit the hardest. However, there is a growth surge coming out of the current crisis

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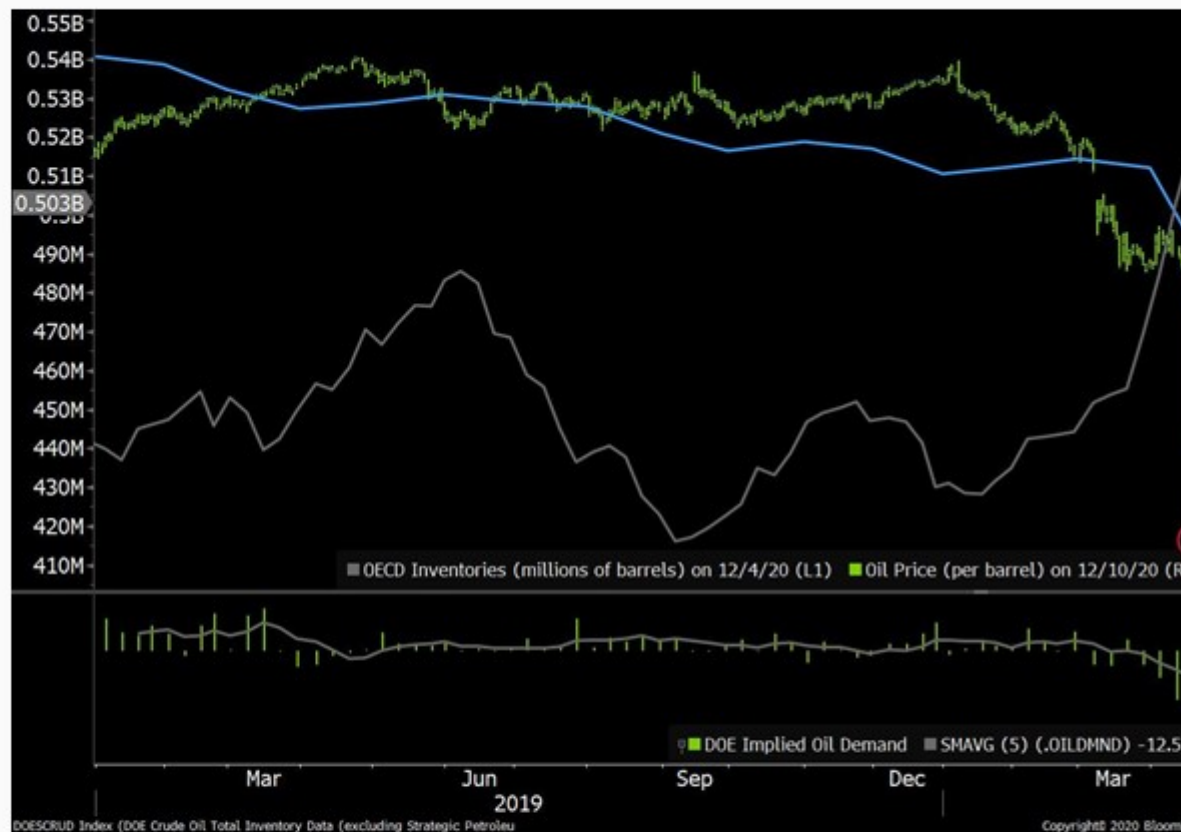
Individual Stock Winners and Losers



- As you would expect, individual equities saw an even greater level of dispersion
- Many technology stocks that helped consumers and companies adapt during Covid were up
- On the flip side, companies linked to those previously mentioned hard-hit sectors have re

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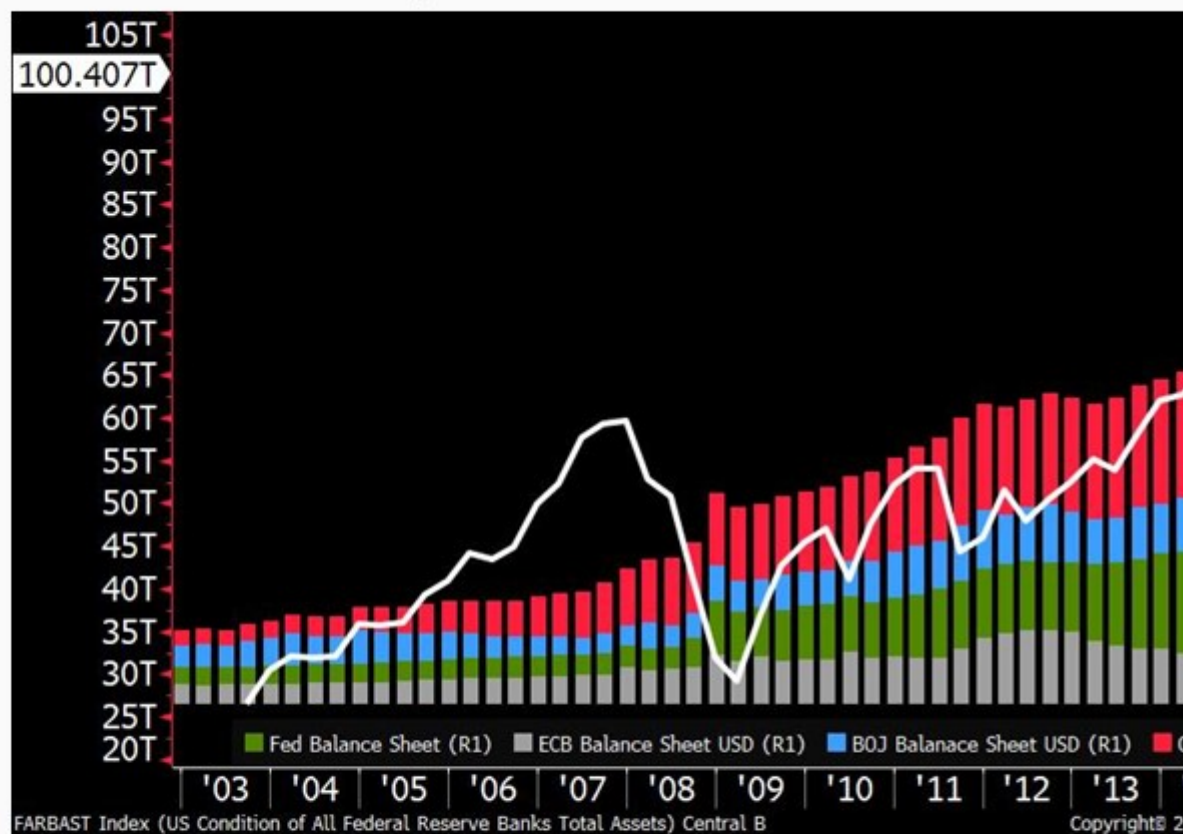
WTI Price, US Oil Inventories, Shale Production G



- Perhaps the most remarkable moment in 2020 was when the futures contract for West Texas Intermediate oil fell into negative territory, meaning that holders of the contract were paid to take delivery of the oil.
- This happened due to concerns over a massive glut in oil inventories, which led to storage constraints.
- Between March and April, US oil demand was down a staggering 20% relative to 2019, but is now trending down roughly 10% YoY.
- As vaccines get distributed, we expect that energy demand will continue to rebound and oil prices will rise.

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Global Market Capitalization vs. ECB, Fed, and China

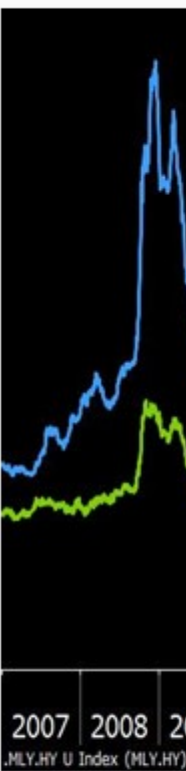
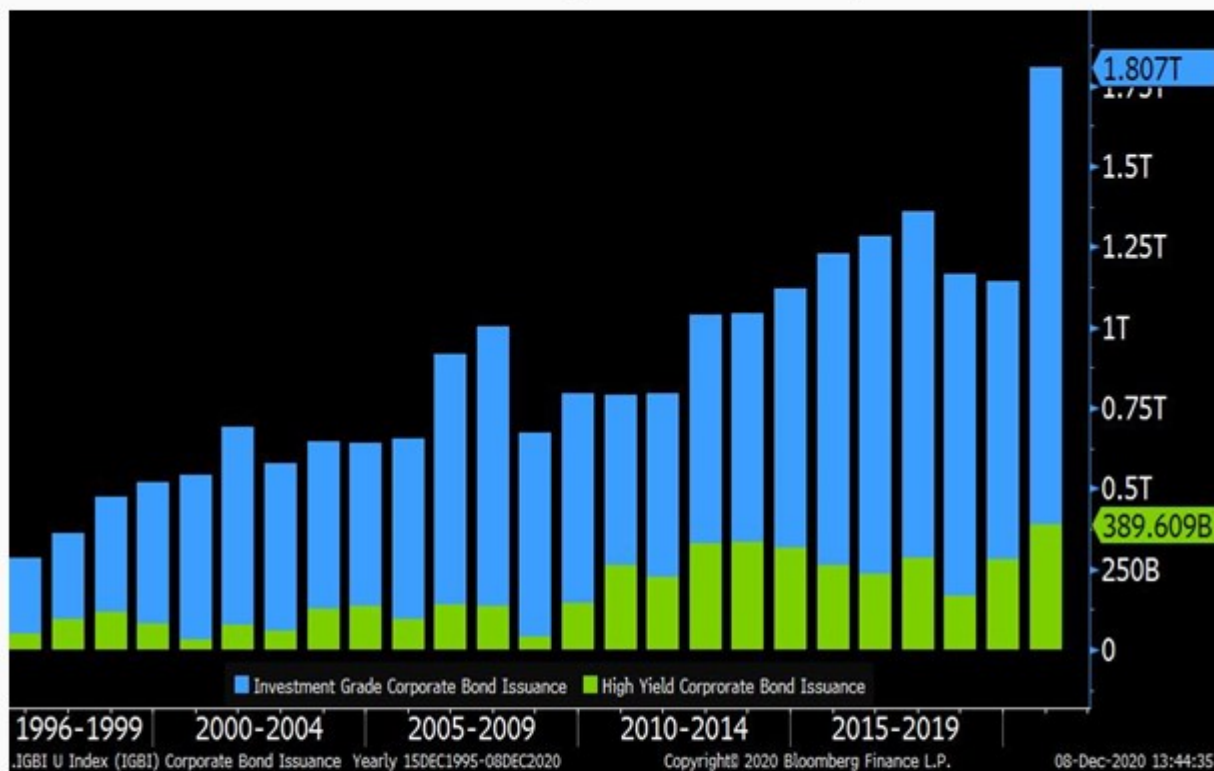


- The FED, the ECB, the BOJ, and BOC have expanded their balance sheets by over \$7 trillion
- This monetary bazooka has funded countless stimulus and relief packages as a result of C
- Unsurprisingly, total global equity market cap has risen in lock-step with central bank bal

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Investment Grade and High Yield Corporate Issuance

Investment



- This tremendous government support, including the Fed's credit facility created to buy US
- As shown above, 2020 has been a record year for corporate issuance - an unusual occurrence
- These policies not only reduced borrowing costs, but also mended corporate balance sheets

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10-Year Treasuries, Inflation Expectations,



- With the massive amount of money supply added to global economies, deflation concerns
- The US inflation rate, as measured by the Consumer Price Index, has moved up from 0.1%
- Longer-term inflation expectations (grey line) have also moved up significantly along with
- The 10-year treasury yield (green line) has edged higher, but we expect a further move up and expected rates of inflation

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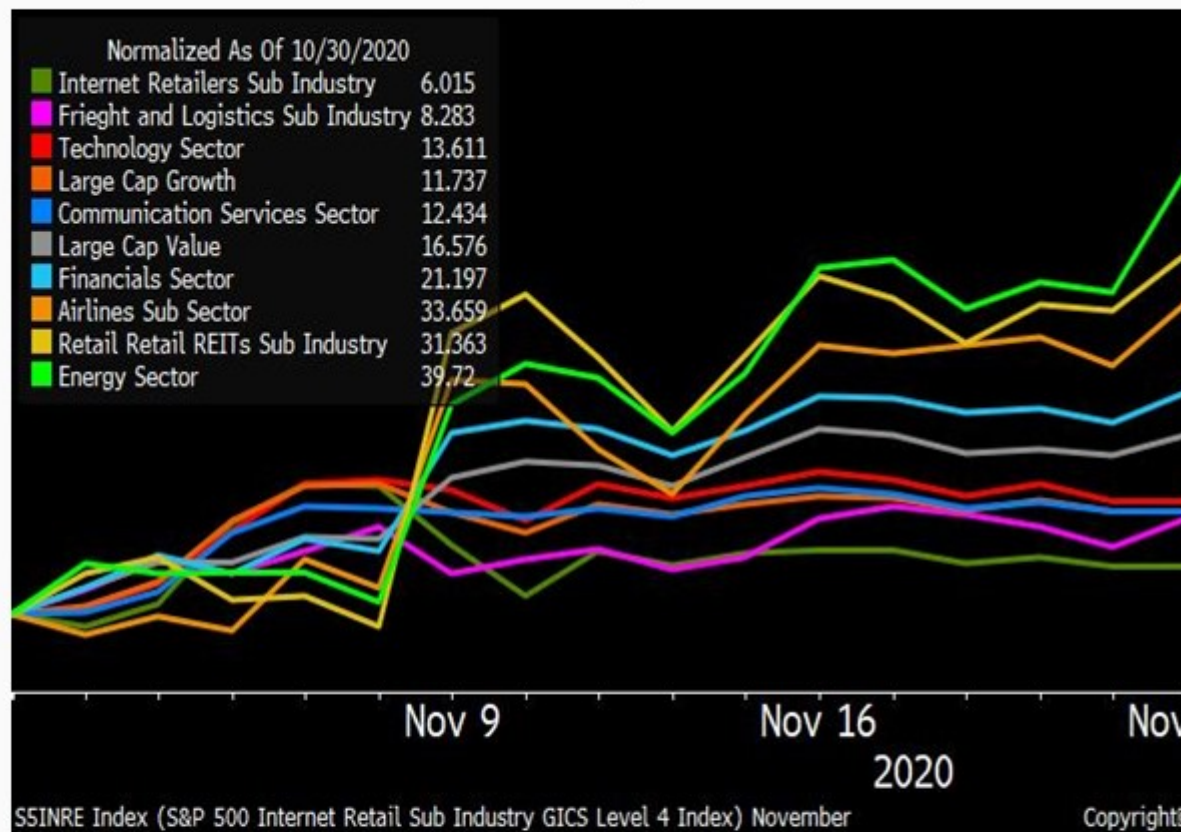
Home Sales, Home Price Appreciation,



- The most impressive area of the US economy in 2020 has been residential real estate with
- This strength in housing is attributable to the combination of record-low mortgage rates and
- This increased demand along with available and attractive financing has pushed home prices

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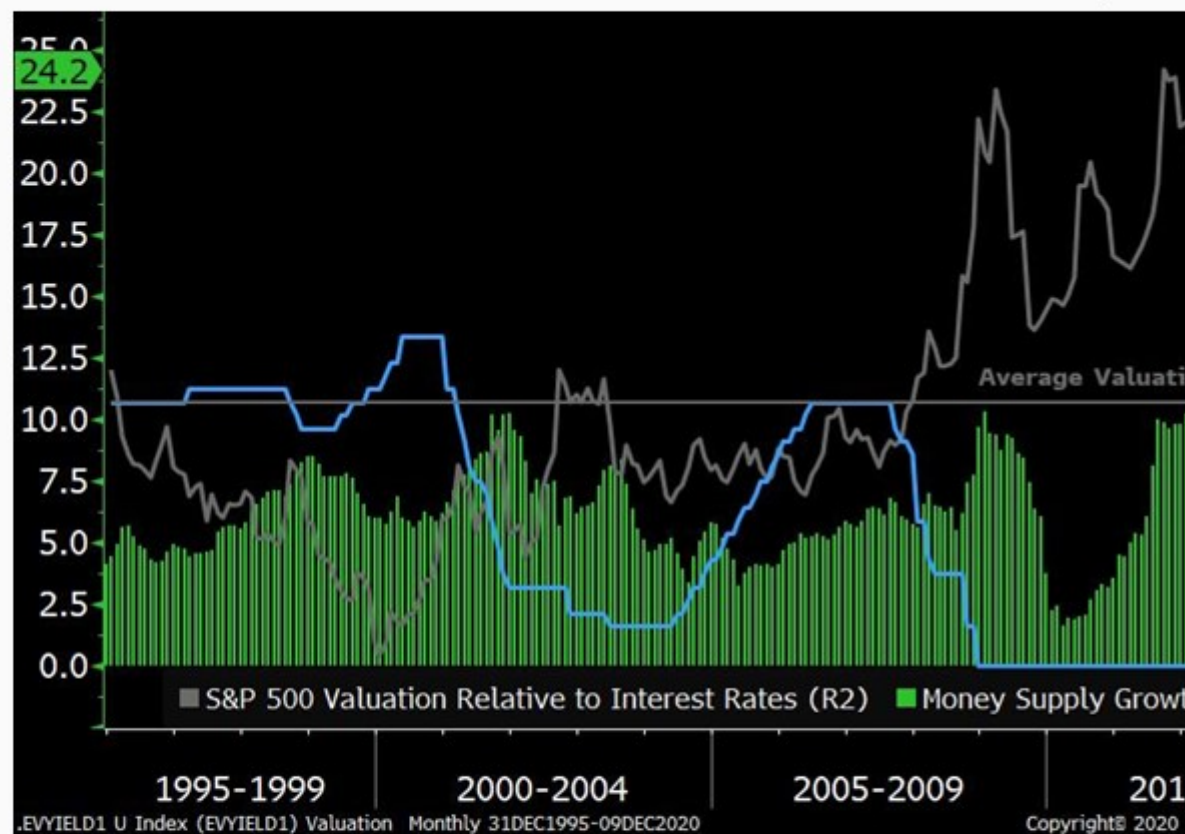
Sector Leadership Reversal Based on To



- It has been fascinating to see the rapid reversal in market leadership as positive vaccine n
- The chart above is the same chart we ran on slide five, but with a start date as of 10/31/20
- We believe that stocks that were devastated by the fallout of Covid have further outperform


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S&P 500 Valuation Relative to Treasuries, Money Supply



- Our last chart shows the valuation of the S&P 500 (including debt) relative to interest rates. 4.6% is below the historic average of 5.25% and means stocks are slightly more expensive.
- With short-term rates at zero (and remaining there for the time being) and the fastest-ever money supply growth, we are cautiously optimistic on equities, especially with how little it pays to hold bonds (i.e., the yield curve is inverted).

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An aerial photograph of a large crowd of people walking on a paved plaza. The plaza is marked with a complex network of thin, dark lines that form a series of interconnected triangles and polygons, creating a geometric pattern across the light-colored pavement. The people are scattered throughout the frame, some walking in groups, others alone, and their shadows are cast on the ground. The overall scene suggests a busy public space, possibly a park or a city square.

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Jeff Dicks, CFA
Managing Director, Investments, Partner

To contact Jeff, email:

jdicks@evergreengavekal.com



Gherman Howell

Senior Analyst

To contact Gherman, email:

ghowell@evergreengavekal.com

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