

Brinker Capital Market Barometer

The COVID-19 pandemic remains the key driver for the economy, financial markets, and confidence over the near term. Fiscal and monetary policy continue to be supportive, and the economy has started to rebound. We expect the equity market to remain range-bound in the near term as we anticipate measured improvement in the COVID-19 data, the November election, and a slow, uneven economic recovery. 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 still bearish but not extreme; equity outflows continue
Seasonality		●			Seasonality weaker through October

INTERMEDIATE-TERM FACTORS (6-36 months)

	CHANGE	NEGATIVE	NEUTRAL	POSITIVE	
Fiscal policy				●	Very strong fiscal response; more debate on fourth package but will get done
Monetary policy				●	Fed all in to support markets and economy; Global central banks taking action
Inflation				●	Global inflation low and inflation expectations continue to fall
Interest rate environment				●	Treasury yields remain at low levels but stable; yield curve has normalized
Macroeconomic			●		Macroeconomic data has bottomed; uneven improvement following reopenings
Business sentiment		●			CEO confidence improved in 2Q but still weak; small biz optimism improving
Consumer sentiment	←	●			Consumer confidence declined in June, led by the expectations component
Corporate earnings		●			Looking for improvement after negative impact of COVID-19 on 1H results
Credit environment				●	Credit environment continues to improve 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

Within the short-term factors, trend was moved from a neutral to a positive. US equity markets remain above short-term and long-term moving averages.

Within the intermediate-term factors, consumer confidence moved back to a negative as the latest survey readings were weaker than we saw in July, likely due to the increase in COVID-19 cases in certain areas of the country.

There were no changes to the long-term factors.

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Source: Brinker Capital. Information is accurate as of August 5, 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 Inc., a registered investment advisor. BAROMETER_8-20