

Brinker Capital Market Barometer

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JANUARY 2021



Our focus continues to be on the COVID-19 pandemic and its impact on economic growth. News on the vaccine has been very positive; however, the rollout has been slower than expected. The Federal Reserve remains extremely supportive from a monetary policy perspective, and we expect additional fiscal support from Washington, D.C. in the coming months. This policy support should continue to provide a bridge for the economy in the near term until we can fully reopen. Overall, the barometer tilts positive, in-line with our modest overweight to risk across portfolios.

SHORT-TERM FACTORS (< 6 months)

| | CHANGE | NEGATIVE | NEUTRAL | POSITIVE | |
|--------------------|--------|----------|---------|----------|--|
| Momentum | | | | ● | Market momentum remains solid and has improved recently |
| Trend | | | | ● | Market trend positive; US markets above 50-day and 200-day moving averages |
| Investor sentiment | | ● | | | Surveys and other sentiment measures pointing toward excess optimism |
| Seasonality | ← | | ● | | Entering relatively weaker seasonal period post election |

INTERMEDIATE-TERM FACTORS (6-36 months)

| | CHANGE | NEGATIVE | NEUTRAL | POSITIVE | |
|---------------------------|--------|----------|---------|----------|---|
| Fiscal policy | | | | ● | Additional fiscal stimulus likely in near-term with Democratic sweep |
| Monetary policy | | | | ● | Fed and global central banks remain supportive |
| Inflation | | | | ● | Inflation at low levels but watch for increasing inflation expectations |
| Interest rate environment | | | | ● | Treasury yields remain low but biased higher; yield curve to steepen |
| Macroeconomic | | | ● | | Macroeconomic data has improved; recovery will be driven by vaccine/reopening |
| Business sentiment | | | ● | | Both CEO confidence and small business confidence surveys have improved |
| Consumer sentiment | | ● | | | Consumer confidence measures declined in 4Q2020 |
| Corporate earnings | | | ● | | Expect improvement in earnings growth to continue in 4Q2020 |
| Credit environment | | | | ● | Credit environment is stable; spreads continue to tighten |

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 uneven in short term |
| Demographics | | | ● | | Mixed - US and emerging markets positive but developed international negative |

SUMMARY

Within the **short-term factors**, seasonality moved from a positive to neutral as we are entering a relatively weaker seasonal period following the Presidential Election.

There were no changes to the **intermediate-term factors**. Monetary policy globally remains extremely accommodative and we expect additional fiscal relief in the US from the incoming Biden administration.

There were no changes to the **long-term factors**.



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