

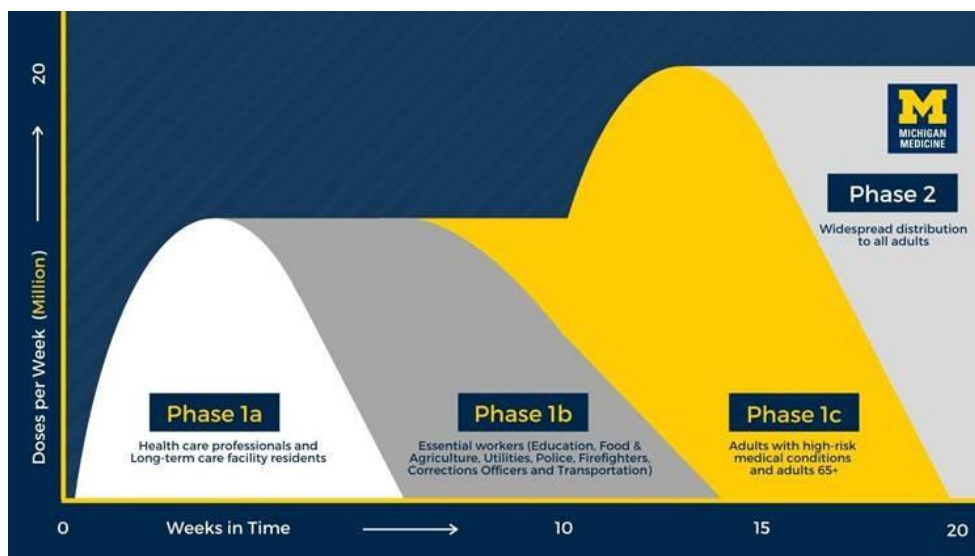
The Markets & the Economy - What We're Watching

Top Theme of the Week:

- › Vaccine optimism remains elevated ahead of another expected emergency use authorization for the Moderna candidate

Last Friday, the FDA granted emergency use authorization (EUA) for the coronavirus vaccine from Pfizer and BioNTech, as was widely expected. Shortly thereafter, the first vaccine in the Western world was given to a 90 year old woman in Europe on Tuesday. Developments continue again this week, as an FDA advisory panel is expected to meet and vote on whether to recommend the Moderna vaccine. Earlier this week, the FDA released detailed data that confirmed the company's claim the vaccine had a 94.1% efficacy rate in a trial with 30,000 people. A favorable vote, which is widely expected, will be quickly followed by emergency use authorization. On Monday this week, the first American was vaccinated in Long Island, NY marking a new phase in the fight against Covid-19. With the first doses given in the US and confirmation that there are two effective treatments, the market has resumed its climb after a bit of a pause last week. Some health care workers are now lining up to get their shots and both their excitement for immunity and anxiety for being the first in line are high. By the end of this week it is expected that there will be over 1,200 locations administering the vaccine as operation warp speed attempts to live up to its name.

The speed at which vaccines are distributed becomes more important by the day especially with the average daily death toll increasing and more hospitals and health care facilities struggling to keep up care - since November 1st, the 7 day average daily death toll has more than tripled from just over 800 to over 2,400 and continues to climb. While there has been much hype around the vaccines, there is also a fair amount of skepticism about the safety of the vaccine due to mistrust of the medical system. Consequently, the government is rolling out a much needed campaign to raise the level of confidence, which may include schools, businesses, and celebrities assisting in this effort. A phased rollout of the vaccine has been created placing healthcare workers and those most at risk or exposed receiving it first.¹



¹ Image Source: Michigan Medicine

Over the course of the next several months we will begin to better understand the path of the virus and its hopeful demise as we track the progress of vaccine supply, global distribution, rate of inoculation among groups, and its effect on the rate of average daily cases. The path to a vaccine has been long awaited and we will have to continue to wait patiently to witness its effects on individual's health and the health of our economy.

Alongside the positive vaccine news, this week the Federal Reserve held their meeting and issued their statement indicating the bond buying program may go on for longer than previously thought. They added the amount would be at least \$80 billion per month in Treasury Securities and \$40 billion a month in mortgage backed bonds. In addition, the participants forecast for the 2021 economy climbed slightly to 4.2% expected real Gross Domestic Product (GDP) growth, while rates are forecasted to remain near zero. This growth and accommodation forecast would be a very welcome environment for consumers and corporations alike. The dovish outlook for monetary policy did also have the effect of denting the dollar as it fell to its lowest level in two years against a basket of other major currencies. The lower dollar should further help to stimulate future economic activity and corporate profits as the US becomes more competitive globally, and American corporations bring back profits from regions with strong currencies in 2021.

Meanwhile, in Washington D.C Congress is hopefully closing in on an agreement on a fifth coronavirus relief bill totaling \$900 billion. The economic stimulus package would deliver \$600 payments to most Americans, \$300 a week in additional jobless benefits, and another round of the popular Paycheck Protection Program to businesses most in need. This is important because it comes at a time when jobless claims have begun to rise again as selective shutdown measures have been reenacted in hard hit regions of the country. The proposed bill would extend the governments funding just in time as government funding was schedule to run out Friday.

As we take a moment to reflect on the year, we recognize it has been unlike any other many of us have ever witnessed. Our hearts go out to those who have lost loved ones due to the coronavirus, those with businesses who were forced to close or who struggled with limited operations, our children and parents who have had to manage and balance a new way of schooling and working. We also want to thank the essential workforce on the front lines that are helping us through this pandemic – we *will* get through this. As this extraordinary year comes to an end we want to send you gratitude and heartfelt thanks this Holiday season. From our IMG family to yours, Happy Holidays! We hope you find good health and happiness now and into the New Year. IMG will take a break for the Holidays and resume these communications in the New Year.

For questions or more information, please contact your local IMG professional. For additional insights from IMG experts, please visit our new website's [Insights](#) page and follow us on [LinkedIn](#).

Commentary is reflective as of the close Thursday, December 17, 2020.