



The Lyttle Company

Registered Investment Advisory LLC

NEWSLETTER

Fall 2020-
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Summary

- Economic News – Coronavirus continues to devastate lives both directly and indirectly. Inflation target remains 2% and President Trump and Congress are at an impasse on details of new fiscal stimulus.
- Market Events – S&P 500 gained 7.5% over past year.

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Economic News

The US Real GDP increased at an annual rate of 33.1% in the third quarter of 2020.

Inflation measured in the 12-month Consumer Price Index (CPI) percentage change was 1.4% in September 2020. The Personal Consumption Expenditure Price Index (PCE) change was 1.4% in September 2020. The Fed's objective for inflation remains at 2 percent now as an average; yet the years target inflation as follows: 2021: 1.7% | 2022: 1.8% | 2023: 2% - Note this does not average to 2% so it is contingent on later future years.

The Fed maintained the federal funds rate to a target range of 0.1 to 0.4 percent maintaining around 0.1 percent in the near to mid-term.

Coronavirus continues to spread. No cure or vaccine has been agreed upon yet. The US States continue to take different approaches to mitigate against the regional spread. President Donald Trump and Joe Biden are on the election ballot today.

The US dollar in the last few months have stabilized. The US Dollar Index has remained in the 93 range. Oil prices have stabilized just under \$40 a barrel.

Market Events

The S&P 500 closed yesterday 7.5% higher from a year ago. The 10-year treasury rate is at 0.89%.

President Trump and Congress are at an impasse on new fiscal stimulus measures. The Federal Reserve is on standby in this severely impacted labor market awaiting the fiscal side to further detail a path forward.