

## The Markets' Message

P u b l i c a t i o n   H i g h l i g h t s

As of September 1, 2020

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### **HCWE** Does a jump in inflation expectations imply inflation ahead?

The prices of energy and other commodities play a major role in the month-to-month variation of the inflation rate. They also influence expectations of inflation on the part of consumers. That may be why expected inflation jumped above 3 percent in May, according to the University of Michigan. It was just then that commodities began to bounce back from their pandemic-related collapse.

~ *Interest-Rate Outlook, August 28*

### **HCWE** Upside potential in smaller-cap stocks

Historically, when stock markets sell off, the prices of small-cap stocks are much more vulnerable than large caps. But once the rebound is under way, they out-perform.

~ *Equity-Market Outlook, August 28*

### **HCWE** Highlights:

The recovery in capital markets and the economy was going to happen regardless of Fed policy. Neither the new expansion of its balance sheet nor its "injection" of new money into the banking system have any historical record of effectiveness.

~ *Fixed-Income Barometer, August 24*

### **HCWE** Highlights:

Foreign-exchange value of the dollar: Moving up.

#### Equity markets:

Most favored: France

Least favored: Switzerland

#### Bond markets:

Most favored: Germany

Least favored: U.K.

~ *International Barometer, August 29*

### **HCWE** Briefing Points on the Global Market Outlook, August 2020

The shape of the economy has changed in many respects, but in capital markets normalization is underway.

~ *Synopsis, August 14*