

COVID-19

Pfizer released preliminary results from their COVID-19 vaccine trial that indicated 90% effectiveness, much better than expected. Moderna indicated that they expect to release favorable effectiveness data soon as well. Equities rallied, credit spreads tightened, and longer interest rates rose on the news.

Our Take: The markets are positively reacting to news that effective COVID-19 vaccines will likely be widely available within the next 6-12 months. This would enable economies to more fully reopen. However, there is still going to be a period of months where COVID-19 infections are likely to continue rising. Measures to contain the spread of the virus during that time as well as the impact of such measures since last March could have longer-lasting negative economic effects.

Inflation

October consumer prices were unchanged while producer prices rose 0.3%. Year-over-year, consumer prices are up 1.2% and producer prices have risen 0.5%.

Our Take: Inflation remains benign and is unlikely to cause the Fed to change rate policy anytime soon.

Municipals

Illinois voters rejected a constitutional amendment that would have changed the income tax structure in the state from a flat tax to a graduated tax, with higher tax rates for high earners. The measure was defeated with 55% of voters rejecting the change.

Our Take: Democratic Governor J.B. Pritzker, a proponent of the graduated tax, is now faced with the challenge of balancing the state budget without the additional revenue from the tax change. Illinois continues to struggle with rising pension costs and a budget deficit. Pritzker warned that spending cuts, including cuts to public safety and education, could occur.

Christopher Hodges

Northeast

443-326-1875

chodges@reinhart-partnersinc.com

Christopher Rhyne, CIMA®

Southeast + PR

336-817-8206

crhyne@reinhart-partnersinc.com

Joel Dykman

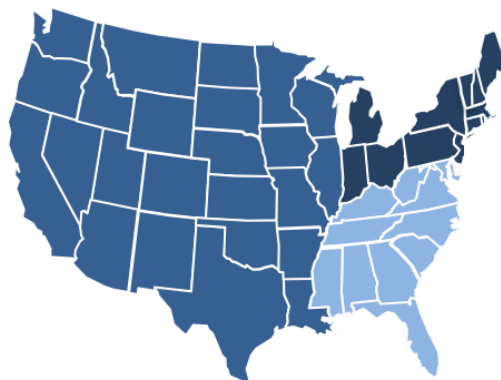
West + AK, HI

608-609-4141

jdykman@reinhart-partnersinc.com

Internal Support

262-241-7065



All expressions of opinions are subject to change without notice in reaction to shifting market conditions. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities and should not be relied on as financial advice.