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BLOG POST
Analyst Corner
Part 1
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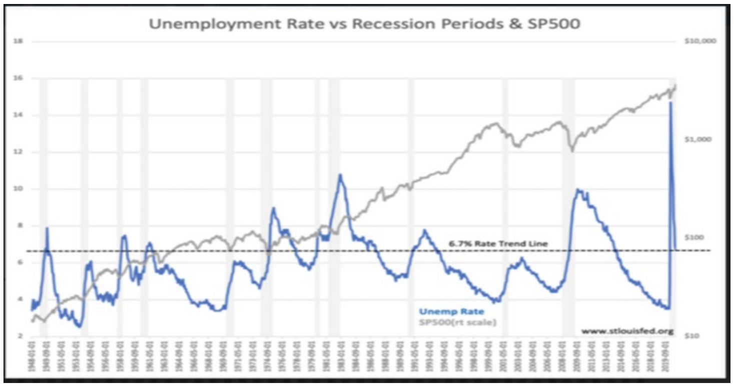
Macro View – Unemployment Tea Leaves

Unemployment can provide analysts a glimpse at where the economic cycle stands, potential for equity appreciation, and potential to forecast recovery from recessionary periods. The chart below shows economic growth reflected in S&P 500 appreciation, coupled with unemployment. It is evident that as unemployment falls following recession, equity prices appreciate. The chart shows unemployment currently rests at around 6.7%, peaking at about 14.7% in April (St. Louis Federal Reserve Bank). The peak reflected a rate not witnessed since the great depression. It is also worth noting that the current level of 6.7% surpasses unemployment levels going back to 2015. While unemployment is a lagging economic indicator, downward trends indicate rising equity prices. So, if it is believed that unemployment will continue to fall in 2021, the case can be made that equity prices will rise over the same time period.



Taking Stock – The Best and Worst of the Year

2020 is littered with challenging circumstances. In a tough year, some companies have walked away as big winners in terms of stock price appreciation. As of the end of November 2020, the greatest gain was from Medtecs International Corporation, up about 2800%. The company produces personal protective equipment. The share price went from $.037 at the start of the year to $1.07 as of the end of November. At the bottom of the list, recognized as the worst performer, was Globus Maritime, down close to 94% as of December 16th. Globus owns and manages a fleet of around five dry bulk vessels that transport iron ore, coal, grain, steel, cement, and aluminum (Bloomberg). Total commercial construction spending declined over the course of 2020, contributing to the decline of Globus.