WM Research Market & Economic Outlook – 2021: It's a Post-Pandemic Market

2020 Returns*	Value	Price Return	Total Return	All-Time High	% from High
S&P 500	3,709.41	14.8%	16.9%	3,722.48	0.4%
Dow Jones Industrial Average	30,179.05	5.7%	8.2%	30,303.37	0.4%
NASDAQ Composite	12,755.64	42.2%	43.4%	12,764.75	0.1%
Russell 2000	1,969.99	18.1%	19.6%	1,978.05	0.4%
MSCI EAFE (USD)	2,131.59	-1.7%	0.9%	2,388.74	12.1%
MSCI Emerging Markets (USD)	1,268.36	14.7%	17.3%	1,338.30	5.5%
Bloomberg Commodity Index	77.32	-4.4%	-4.0%	237.95	207.7%
Barclays U.S. Aggregate Bond	109.71	3.9%	7.1%	112.07	2.2%

**Through 12/18/2020* *Data Source: FactSet*

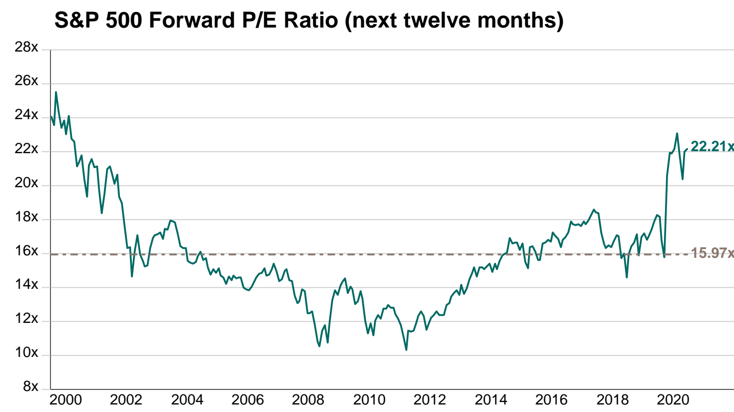
Outlook Summary:

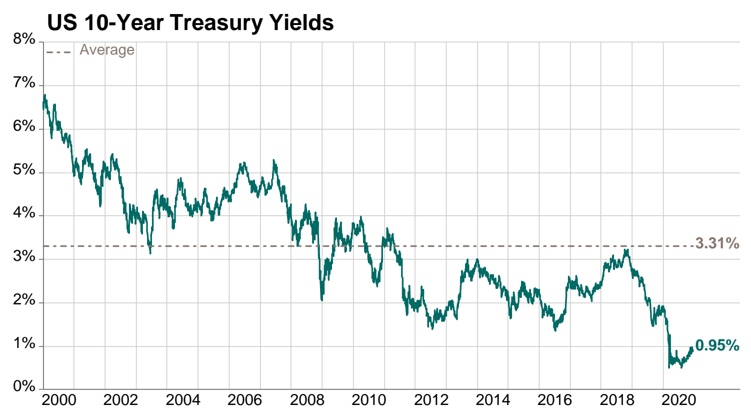
We remain bullish on U.S. equities in 2021, as we see numerous potential catalysts to sustain the rally despite high valuations. At the risk of sounding like a broken record, equity valuations are elevated, with the S&P 500 index trading at 22.0x consensus 2021 earnings estimates. While we do not expect ongoing multiple expansion, we believe that the post-recession economic recovery will gain steam in the second half of 2021, supporting strong earnings growth well into 2022. Catalysts include GDP growth fueled by the vaccine rollout, new fiscal spending for COVID-19 relief, a resumption of year-over-year earnings growth in Q1 2021, continued accommodative Federal Reserve monetary policy, and low interest rates. **Our S&P 500 fair value estimate is 4,000, which is approximately 8.1% above current market levels. This estimate is more bullish than our October estimate of 3,500, due to stronger than expected corporate performance reflected in Q3 2020 earnings reports,vaccine data that shows high levels of efficacy, and looking forward to 2021 and 2022. Elevated valuations come with elevated risk and we do not expect the market to move higher in a straight line. Investors should expect market volatility in 2021, and we would not be surprised to experience a pullback of 10% or more in the year ahead; however, we expect market pullbacks to be met with strong support from equity investors.**

To say 2020 was a challenging year is a huge understatement, as COVID-19 exploded into a global pandemic, causing extreme economic and personal hardship. The U.S. has endured the loss of more than 310,000lives and a government-initiated economic shutdown causing a deep (but narrow) recession (that saw more than 32 million people receiving some type of unemployment assistance), and dramatic declines in equity markets as the 11-year S&P 500 bull market ended in March. But 2020 was also a story of innovation, resilience, and significant action from individuals, companies, and government entities. While many individuals lost jobs, others, as essential workers, remained on the front lines in medical, service, and manufacturing capacities, and millions of people adjusted to a remote work and learning environment. Thousands of companies addressed the pandemic shutdowns by implementing technology to enable digital work-from-home solutions that will likely continue in the post-COVID-19 world. In addition, Congress provided massive fiscal support through the CARES Act, and the Federal Reserve Bank quickly and dramatically lowered interest rates and expanded its balance sheet to stabilize markets. These actions collectively supported economic activity that bottomed quickly and sustained a recovery that was both faster and stronger than expected. In addition, promising drug treatment candidates were supported through highly successful public-private partnerships that produced therapeutic treatments after just a few months and, so far, two vaccines that were approved by the FDA in December. Financial markets responded early and favorably to the economy's rebound potential following the March and April lockdowns, and by mid-August the S&P 500 had recovered all of the 34% peak-to-trough index decline in February and March to close at new all-time highs.

Data Source: FactSet as of 12/20/20. S&P 500 Price Changes 12/31/18 to 12/18/20

Our S&P 500 fair value estimate of 4,000 represents a P/E of 23.8x the 2021 FactSet consensus EPS estimate of $168.21 and 20.4x the 2022 EPS estimate of $196.28. While the COVID-19 recession has contributed to an estimated 2020 annual earnings drop of 14%, this compares favorably to the 28% Y/Y decline estimated in June, as earnings results in both Q2 and Q3 were better than expected. Forecasting earnings remains difficult in the current environment, as corporate performance is again challenged by the second-wave COVID-19 outbreak, but mitigated by new Congressional stimulus and ultimately the successful vaccine rollout. The current 2021 EPS estimate of $168.41 is 4% above 2019 levels, reflecting that the earnings recession will be completely recovered next year even as GDP trends are unlikely to fully recover until 2022. Despite the recession, corporate results exceeded expectations, as sales declined less than feared and many companies have successfully reduced costs, driving margins higher. Several factors supported sales, including growth in the digital economy and work, play, and learn-from-home trends, earlier recovery in some foreign markets, and massive U.S. fiscal stimulus that has helped bolster consumer finances during the pandemic. Clearly some sectors and industry groups did better than others, but the overall performance during the pandemic has led to an optimistic 2021 outlook and strong investor sentiment. The current valuation of the S&P 500 using forward earnings estimates is 22.2x, near an 18-year high and well-above the long-term average of 16x. In past periods of elevated valuations, U.S. 10-year Treasury yields were significantly higher. In 2000 to 2002, the market P/E remained above 20x, while 10-year Treasury yields ranged between 4.0% and 6.5%. Today, the 10-year Treasury yield is 0.95% and we believe that these historically low interest rates support an elevated P/E, as low rates increase the present value of future earnings. As earnings growth resumes in a post-COVID economy, equities can move higher even if long-term interest rates trend up from current levels, which we believe is likely in 2021. In our view, a steady increase in long-term rates will reflect the economy's growth potential, while 10-year interest rates remaining below 1.0% would reflect investor concern regarding sustained growth levels.



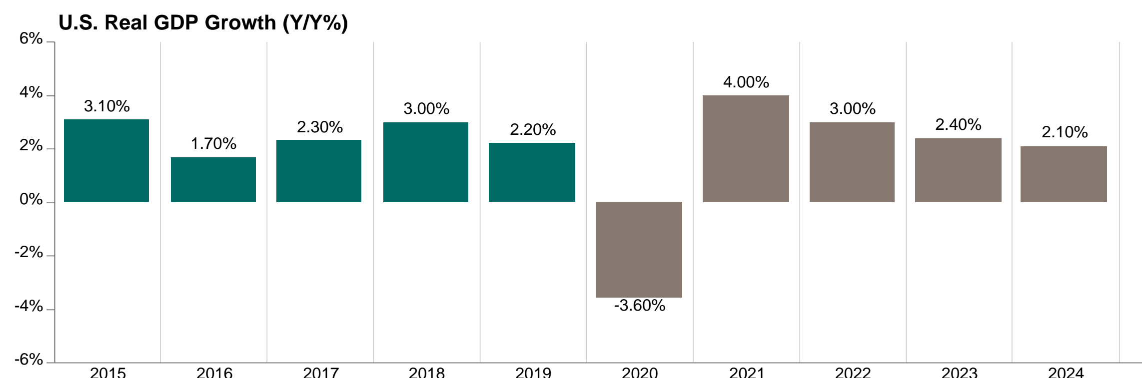


Data source: FactSet as of 12/18/20

Through 12/18/20, the S&P 500 gained 16.8% including dividends year-to date (YTD), an unexpected turnaround when contrasted with investor fear that gripped the markets in February and March. At the market low on 3/23/20, the S&P 500 was down 30.8% from year-end, as investors worried about the spread of COVID-19, massive job loss, and a looming recession that would end the 10+ year U.S. GDP expansion. But indices bottomed as both the Federal Reserve and Congress acted quickly, and investors counted on lockdown restrictions easing late in the second quarter. The equity rally off the bottom was broad based at first, with gains for most sectors and both large cap and small cap stocks; and equities worldwide moved higher. Since the end of March, the S&P 500 posted gains in seven of nine months (September and October were lower), and through the third quarter a narrow group of stocks and sectors led the market higher. After the initial rally, gains were mostly from technology and other large-cap consumer-technology leaders, driving strong performance in growth sectors and underperformance in value sectors. In the fourth quarter, however, as earnings and GDP exceeded expectations and vaccine visibility improved, equity leadership rotated, driving a rally in small-cap equities and more cyclical value stocks. We view this rotation positively entering 2021, as it reflects investor expectation of a sustained economic recovery that can drive improved financial results for a wide range of sectors and companies.

The Nasdaq Composite index, which is comprised of 50% technology stocks, compared to 28% for the S&P 500, has delivered a YTD total return of 43.4%, through 12/18/20. The small-cap Russell 2000 index, driven by a 30.6% Q4 rally, has delivered a 19.6% YTD gain, and the Russell 1000 Growth index has gained 37.3% vs. just 1.6% for the Russell 1000 Value index

2021 GDP Growth Could be the Strongest Since 2000

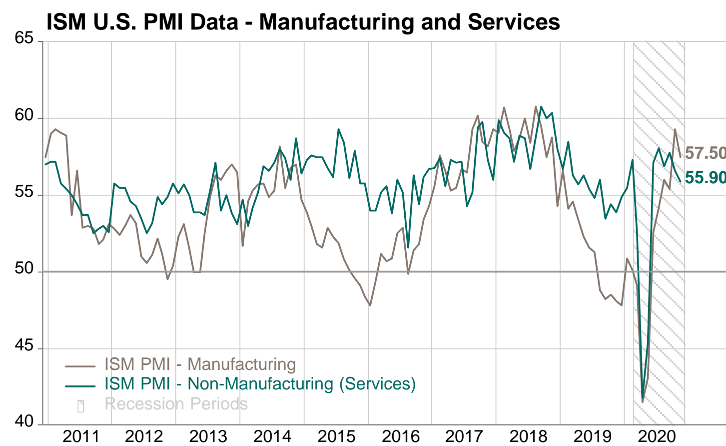


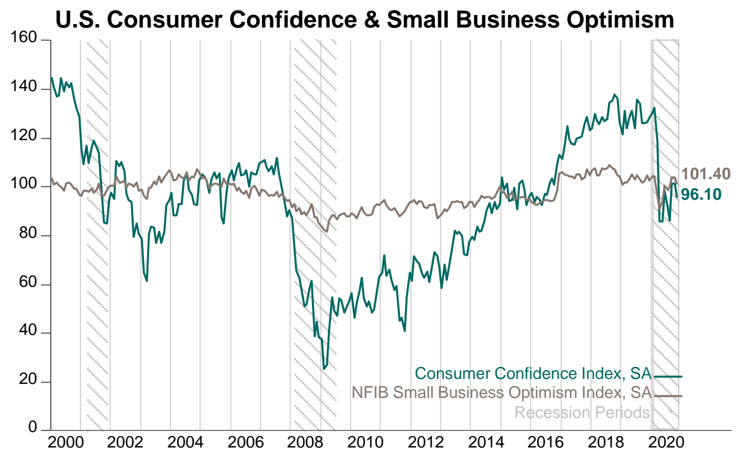
U.S. Quarterly GDP Actual / Estimates (Q/Q%)	
1Q20A	-5.0%
2Q20A	-31.4%
3Q20E	33.1%
4Q20E	4.4%
1Q21E	2.5%

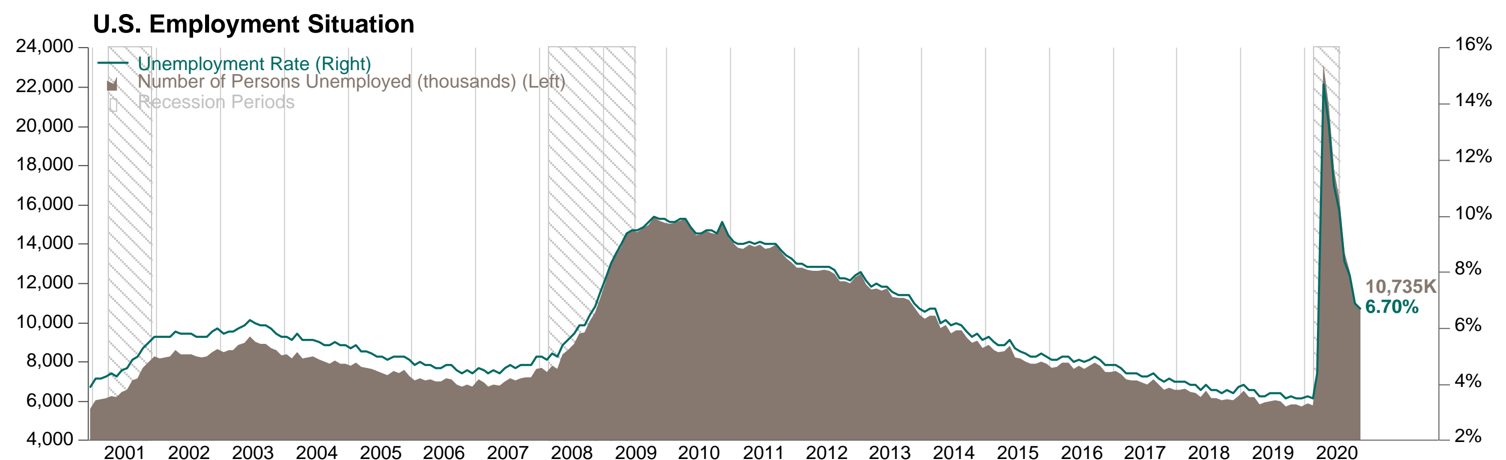
Data Source: FactSet consensus estimates and Federal Reserve Bank, as of 12/18/20

We believe that 2021 U.S. GDP growth can exceed 4.0%, which will be weighted more toward the second half of the year as vaccines become widely available and administered and day-to-day life returns to normal. GDP strength in 2021 reflects an expected strong recovery from the pandemic recession, which embeds an outlook for significant pent-up demand as more businesses and schools reopen, and from ongoing fiscal stimulus and accommodative Federal Reserve policy. Full-year GDP growth of 4.0% would be the strongest annual number since the year 2000, when GDP growth was 4.1%. GDP also increased 3.8% and 3.5% in 2004 and 2005, respectively, but following the 2009 recession the strongest calendar year GDP growth was 3.1% in 2015. One reason for the large expected percentage increase in 2021, is the big decline in 2020, as an expected GDP drop of 3.6% is the largest in a calendar year since an 11.6% decrease in 1946 (for reference, 2009 GDP declined 2.5%). Another reason for strong expected growth, however, is that the government-imposed shutdown was arbitrary and necessary to slow the spread of the virus, but the recession was not due to traditional factors such as overcapacity, excess inventory, or weak consumer finances. Each of these factors was healthy entering the shutdown, supporting the outlook for strong pent-up demand that can drive a strong recovery. Given expectations for a 3.6% 2020 decline followed by growth of 4.0% in 2021, full year nominal GDP in 2021 would modestly exceed 2019's $21.4T. With GDP growth expected to build throughout 2021, momentum entering 2022 should be strong and the 2022 consensus GDP growth estimate of 3.0% is also above the average growth of 2.5% from 2015 to 2019. Growth is then expected to slow, more in line with the long-term trend-line.

2020 quarterly GDP reflects the volatility in the economy this year, including the potential for numbers to exceed expectations in a post-pandemic scenario. U.S. real GDP declined 5.0% and 31.4% in 2020 Q1 and Q2, respectively, but then rebounded to 33.4% growth in Q3. Those are the reported headline numbers that are calculated by comparing sequential growth from the prior quarter and then annualizing the data. The GDP numbers on a Y/Y basis from the same quarter the prior year were +0.3% in Q1, -9.0% in Q2 and -2.9% in Q3. Those Y/Y numbers reflect the same trends as the sequential data, a historical GDP decline in Q2 followed by historical improvement in Q3. Consumer spending, which comprises more than two-thirds of U.S. GDP, declined 10.2% Y/Y in Q2, with its larger component, services, down 14.0% and goods down just 1.7%. Q3 spending on goods surged 7.2% Y/Y, and services recovered to a decline of just 7.4%. In addition, residential housing investment dropped 4.0% in Q2 following all-time highs in Q1, but then grew 7.1% in Q3. Housing remains one of the solid economic rebound stories entering 2021, as interest rates are low, household formation is growing and housing supply remains constrained. Business investment was down Y/Y for Q1, Q2, and Q3, although the Q3 decline was better than expected. Within business investment, technology and other intellectual property spending increased YTD, and purchases of equipment improved dramatically in Q3 vs. Q2 (business investment in structures has remained very weak). Not surprisingly, Federal government spending has increased Y/Y while state and local spending was lower. The data below for U.S. ISM PMI (manufacturing and services) and consumer confidence and business optimism clearly show the 2020 volatility; severe declines in March and April, followed by equally dramatic recoveries through the summer. More recently, data peaked and trended modestly lower due to concerns that economic growth is slowing as a new COVID-19 wave grows before the vaccine is widely available. But the strong upswing from the bottom mid-year, in our view, reflects strong fundamentals that can drive data back toward pre-pandemic levels by late 2021.





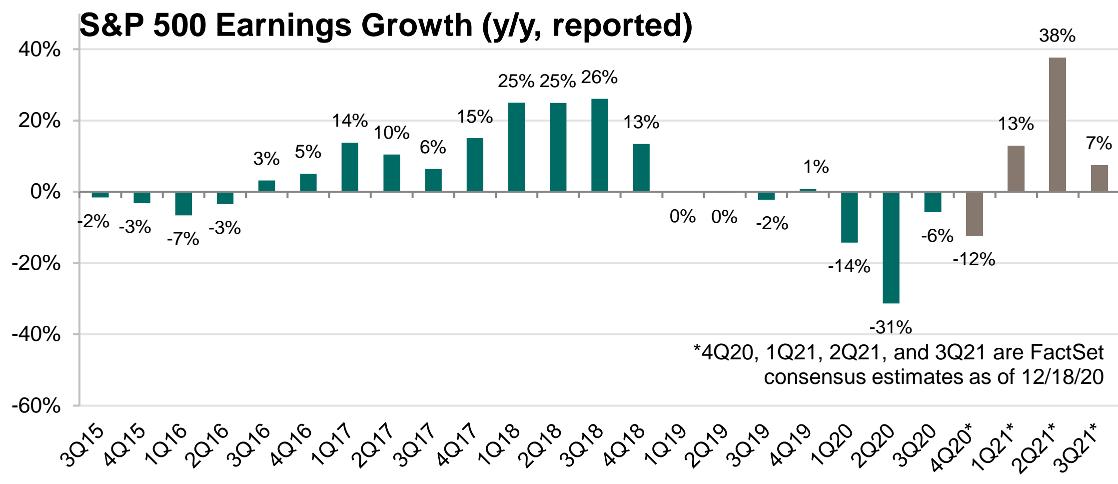


Data source: FactSet as of 11/30/20

2021 Will be a Strong Year for Earnings Growth

After declining an estimated 14.6% in 2020 S&P 500 earnings are expected to increase 21.9% in 2021, which would recover all of the 2020 decline and exceed 2019 levels by 4.1%. We believe earnings can fully recover even if unemployment remains above pre-pandemic levels, and GDP does not hit stride until the second half of the year. This is due to 2020 cost reductions that will drive higher margins in 2021, and sales contribution from international markets. Earnings growth is reported on a Y/Y basis, so percentage growth is likely to be higher in Q1 and Q2 of 2021 as those quarters compare to the low quarters in 2020. After declining an estimated 12% in Q4 2020, growth is estimated at 13% and 38% in, Q1 2021 and Q2 2021, respectively. While there is now growing concern that both Q4 2020 and Q1 2021 earnings could be negatively affected by reduced economic activity from the new wave of COVID-19 infections, we remain optimistic for better than expected results, which has been the case throughout 2020.

While Y/Y quarterly S&P 500 earnings growth was negative for Q1, Q2, and Q3 in 2020, each quarter was ultimately reported significantly better (i.e.,less worse) than expected. Many companies refrained from providing guidance and analysts largely published conservative estimates. Some companies experienced demand that partially recovered earlier than expected, others faced growth opportunities created by the pandemic, and some benefited from healthy consumer spending that was supported by fiscal stimulus in the CARES Act. In Q2 2020 reported earnings growth was -31%, a huge negative number, but consensus estimates predicted a 44% decline. Also in Q2, three sectors reported earnings growth in the quarter. By Q3, reported earnings declined only 6% compared to an estimated 21% decline and six sectors reported quarterly earnings growth. The earnings trend was decidedly positive entering Q4, although consensus estimates remain conservative, due to the resurgence of COVID-19 in the U.S. and Europe. We view the upcoming Q4 earnings reporting season (beginning in mid-January) as a potential market catalyst as five sectors are estimated to reflect Y/Y earnings gains and we could see better than expected results from the Technology, Industrials, and Energy sectors.

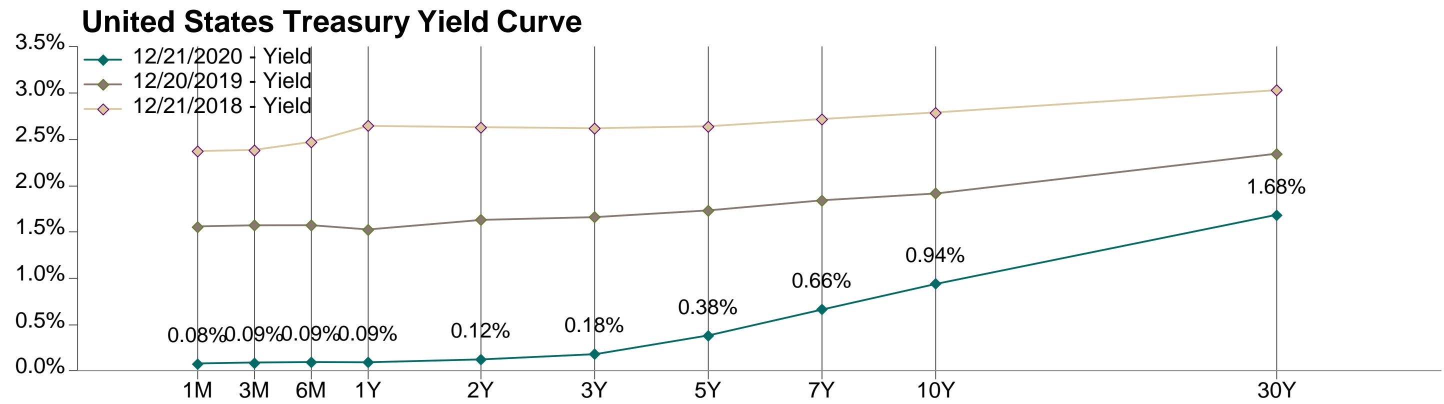


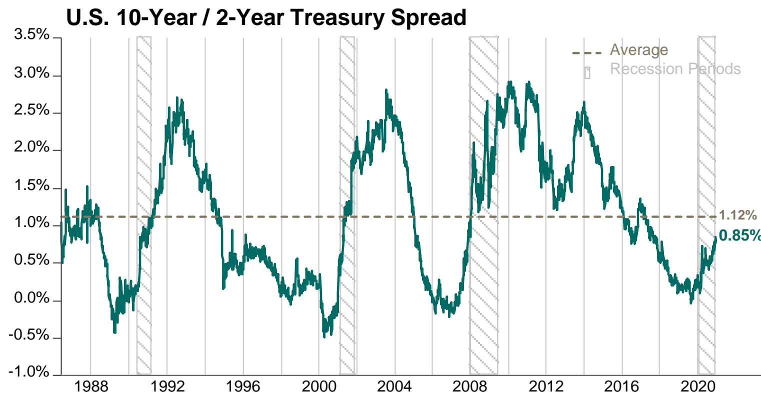
S&P 500 Year Earnings Estimates (Y/Y%) (FactSet consensus 12/18/20)	
2020E	-14.6%
2021E	21.9%
2022E	16.7%
2019 to 2021	4.1%

Long-term Interest Rates Will Likely Move Higher, Despite Short-term Rates Remaining Low

The U.S. Treasury yield curve has steepened in Q4 as long-term interest rates move higher. As of 12/18/20, yields on U.S. Treasury bonds reflect 0.10% for the 2-year note, and 0.95% and 1.70%, respectively for the 10-year and 30-year bonds. Since the end of September, while the 2-year rate has remained relatively unchanged, the 10-year and 30-year yields have moved from 0.68% and 1.45%. The steepening of the curve coincides with an update from the Federal Reserve Bank (Fed) on its stated monetary policy framework to allow inflation to run higher than its long-term goal of 2%. Fed Chair Jerome Powell discussed changes to how the Fed will conduct monetary policy in following its dual mandate to facilitate stable prices and maximum sustainable employment. Since 2012 the Fed has followed an inflation goal of 2%, but for most of that time inflation remained below that goal. Even in early 2020, when the unemployment rate hit a multi-decade low of 3.5%, inflation remained tame. The Fed will seek an inflation target that "averages 2 percent over time." In our view this means that the Fed will keep short-term interest rates close to zero until broad based employment gains are sustained for all, including for minorities and low income groups. To get there the Fed will let inflation run hot if necessary, and we could see periods of inflation well above 2%. As employment gains are sustained post-COVID recession, we could see upward pressure on wages, leading to higher inflation overall, which could drive long-term interest rates higher. The Fed is now less likely to raise short-term interest rates to address that pressure.

Further strengthening the case for higher long-term rates, is historical data following prior recessions of 1991, 2001, and 2008/09. The yield spread between the 10-year and 2-year Treasury bonds went negative (inverted) several months prior to the onset of each recession, but then turned positively sloping during and for several quarters following the recession. That has happened in 2020 as well as the yield curve inverted in the summer of 2019 but turned positive in early 2020. In each of the prior recessions the 10-year/2-year spread moved above 250 basis points (the spread is 85bp today). We are not predicting a 10-year yield of 2.5%, but we believe the 10-year yield could move above 1.25% and perhaps even reach 1.5%. One offset to that forecast is the potential for the Fed to keep long-term rates lower by purchasing 10-year Treasury bonds, which is a strategy the Central Bank has considered.





Data source: FactSet as of 12/18/20

U.S. Dollar Weakness is Not a Headwind for Equities

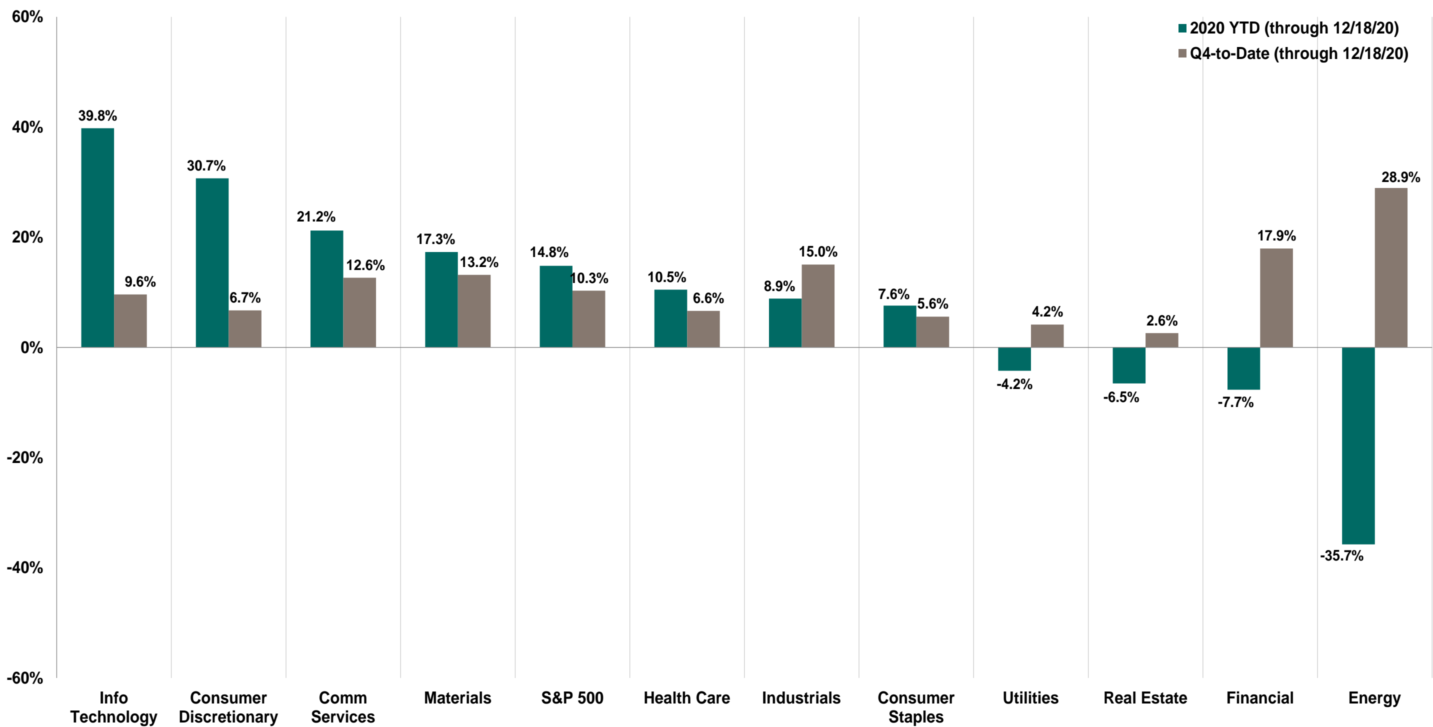
We believe U.S. dollar weakness in 2020 is likely to continue in 2021 due to expected accommodative Federal Reserve (Fed) policy and a post-pandemic global economic acceleration. A weaker dollar is not necessarily a negative for equity investors as it could benefit exporters and domestic manufacturers. The trade weighted U.S. dollar index (DXY) closed at 90.02 on 12/18/20, down 6.4% from the end of 2019, and 12.3% below levels of late-March, after the U.S. dollar initially rallied during the COVID-19 global recession. The index is weighted 58% to the euro, and currencies of five other U.S. trading partners, including the Japanese yen (14%), British pound sterling (12%), and Canadian dollar (9%). The U.S. dollar is 8.2% weaker vs. the euro alone in 2020. Dollar weakness follows several years (since mid-2014) of a strong currency as the U.S. sustained stronger GDP growth and higher interest rates than countries across Europe coming out of the Global Financial Crisis, creating demand for dollar-denominated assets. Since the end of 2008, the DXY has traded in a range of 73 to 103, and the current level is modestly above the average over that period of 88. We attribute the recent dollar weakness to expectations that Europe will see strong GDP growth in 2021 and 2022, and the Fed's intent to allow inflation to rise beyond its 2% average target. Also, we believe the weaker dollar reflects concern about the 2020 $3.1 trillion (T) U.S. budget deficit and total Federal debt of $26.9T. An orderly decline in the U.S. dollar is potentially good for exports (makes U.S. goods cheaper to foreign customers) and helps domestically produced goods (as imports become more expensive). It could also boost tourism in the U.S. both from foreign nationals (favorable exchange rate) and U.S. citizens (foreign travel becomes more expensive). Domestic capital investment could increase as capital projects abroad become more expensive for U.S. companies and the weaker dollar attracts foreign investment. On the other hand, a rapidly falling dollar could cause inflation pressure as imports and U.S. foreign production become more expensive and companies raise prices. Equities performed well from 2009 through 2014 when the dollar remained below 88.

Data Source: FactSet as of 12/18/20

A Handful of Sectors Led 2020 Equity Gains; Our Outlook Favors Cyclical Sectors in 2021

Not all S&P 500 sectors have delivered YTD gains in 2020. Seven of 11 macro sectors were positive YTD, but just four exceeded the 14.8% price return of the S&P 500 index. The top three (Technology, Consumer Discretionary, and Communications Services) delivered strong above-market returns for investors in 2020, and those sectors include many of the high-tech, and consumer-tech leaders that were well positioned for the shelter-in-place restrictions by delivering digital solutions for consumers and businesses. The Technology sector is the market's largest sector, comprising 28% of the S&P 500, so its market-leading 39.8% YTD gain through 12/18/20 contributed a large part of the index's return. Not only did the Technology sector outperform the market during the first quarter bear market, but also outperformed on the way up as both the economy and equities recovered from lows. In that sense investors viewed (correctly in our view) the Tech sector as defensive on the way down, as business disruption was limited, and as a growth play on the way up as the sector could generate above trend results. The fourth sector to beat the market YTD, Materials, posted steady gains month-after-month due to international exposure across Asia, which rebounded early from COVID-19, and an increase in global commodities prices. Despite strong rallies in Q4 both Energy and Financials delivered poor 2020 results. In Q4 (since the end of September) equity gains broadened significantly as all sectors moved higher and five sectors, Energy, Financials, Industrials, Materials, and Communications Services exceeded the S&P 500's 10.3% gain. The top four performers are cyclically exposed value sectors and we believe this represents a healthy trend entering 2021, as equity investors have positioned for sustainable GDP growth in 2021 and 2022, which will benefit more economically sensitive companies. While some 2020 business and consumer trends such as, flexible work, remote work, fewer metro locations, more software and security, less travel, more video communication, and online commerce of goods and services, are here to stay, other parts of our daily lives are expected to return to a version of normal in 2021. While we expect the Technology sector to benefit from the recovery, we also favor other cyclical sectors, including Financials, Industrials, and Materials. We also could see selective opportunities in some discretionary consumer sectors, especially in travel, entertainment, and brand name apparel. We believe there is significant pent-up demand in many consumer activities; while the turnaround may take time especially as vaccine access remains limited, once activities resume many companies could see large business improvement. Health care is not considered a cyclical sector, but we remain positive in a post-pandemic economy as many necessary and elective procedures were postponed in 2020, creating pent-up demand in that sector as well. **We continue to advocate that investors build diversified portfolios across sectors and to be aware of individual stock and sector allocations. We advise to stay committed to long-term investment plans, remain diversified across both sectors and asset classes, and use volatility to rebalance holdings to align with portfolio objectives.**

S&P 500 Sector Performance – Year-to-Date (price returns)



Data source: FactSet as of 12/18/20

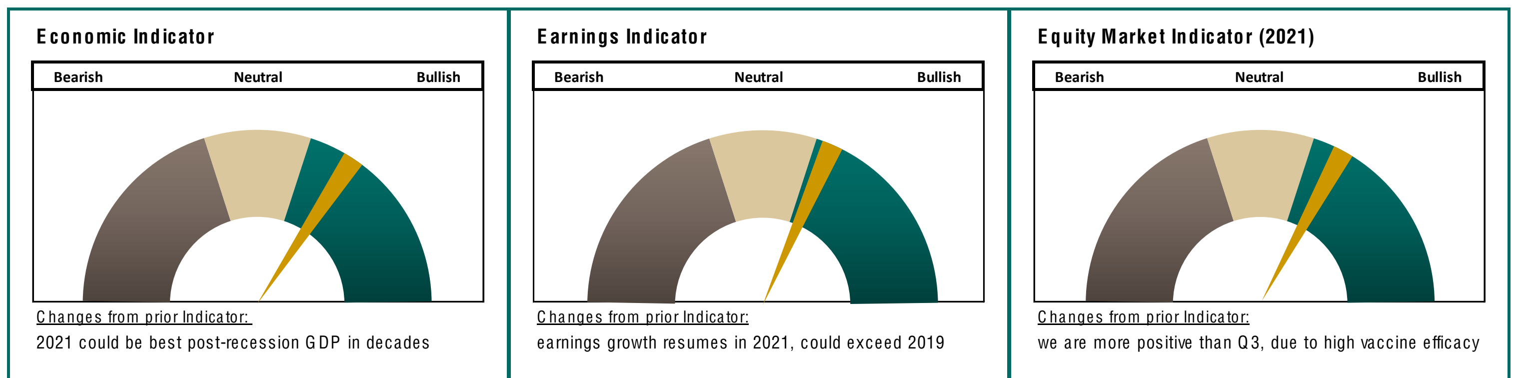
Our S&P sector recommendations are updated below.

S&P 500 Sector Recommendations - December 2020

GICS Sector	S&P 500 Weight by Market Cap	WM Research 2021 Outlook	Notes	Change
Technology	28.0%	marketweight	clear 2020 leadership, growth and defensive qualities	
Health Care	13.7%	overweight	on the front lines of COVID-19 battle, valuations attractive	
Consumer Discretionary	11.2%	marketweight	consumer helped by stimulus, now job growth is key, recovery upside	
Communications Services	11.0%	marketweight	look to market leaders, ad spending to improve with GDP	
Financials	10.4%	overweight	Stress Tests positive, expect new buybacks; positive yield curve helped	
Industrials	8.6%	overweight	attractive valuations, global exposure a positive as countries reopen	
Consumer Staples	6.7%	underweight	safe haven in down market, but will lag the recovery	was marketweight
Utilities	2.8%	underweight	be selective, could face new regulation	
Materials	2.7%	marketweight	benefits from global recovery, strong 2020 was a positive surprise	
Real Estate (REITs)	2.5%	marketweight	watch exposure to hotels and retail, but can surprise as GDP builds	was underweight
Energy	2.4%	marketweight	strong 4Q20 rally limits near-term gains, could ride a cyclical rally	

Data source: D.A. Davidson Wealth Management Research as of 12/21/20.

Wealth Management Research Investment Cycle Gauge



Source data: D.A. Davidson & Co. as of 12/21/20

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Market Indices: The information on indices is presented for illustrative purposes only and is not intended to imply the potential performance of any fund or investment. Indices provide a general source of information on how various market segments and types of investments have performed in the past. Index performance assumes the reinvestment of all distributions, but does not assume any transaction costs, taxes, management fees, or other expenses. You may not invest directly in an index. Past performance is not an indicator of future results. The Russell 2000® Index is a market cap weighted index that measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The S&P 400 Index is a market cap weighted index comprised of U.S. stocks in the middle capitalization range, generally considered to be between $200 million and $5 billion in market value. The S&P 500 Index is a market cap weighted index that is designed to measure the US large-cap equity performance. The index is composed of the 500 leading publically traded US companies based on size, liquidity, industry, and profitability criteria. The Dow Jones Industrial Average is a price weighted index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange (NYSE) and the NASDAQ. The MSCI EAFE® Index (Europe, Austral, Asia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

Other Disclosures:

The forward S&P 500 price-to-earnings ratio (P/E) is a valuation measure, calculated by dividing the price of the S&P 500 index over the weighted average earnings per share (EPS) estimate of each company in the index. Earnings are based on "forward" consensus estimates expected over the next 12 months (NTM).

The yield of the 10-year U.S. Treasury bond is a widely followed barometer of the current U.S. interest rate environment.

S&P 500 earnings growth reflect the year over year change in operating earnings on a per share basis. Earnings data are aggregated for all S&P 500 constituents and are measured according to the relative market capitalization weights for each company. Estimated earnings are the combined FactSet estimates of analysts covering each company included in the index.

Non-residential fixed investment is an indicator of U.S. corporate capital expenditures (capex), measured by the amount spent on structures, equipment, and software. Seasonally adjusted annual rate (SAAR) is used to normalize data by adjusting for seasonal changes in business and economic data for a more accurate comparison between different time periods

The ISM Purchasing Managers' Index (PMI) is an indicator of the outlook for the manufacturing (PMI – Manufacturing) and services (PMI – Services) sectors of the economy. The index is based on a wide survey of company executives in these sectors. A reading above 50 indicates expectation for expansion compared to the previous month; a reading below 50 suggests contraction. Seasonally adjusted (SA) is used to normalize data by adjusting for seasonal changes in business and economic data for a more accurate comparison between different time periods. United States and Euro Zone data is provided by IHS Markit, Japan data is provided by Nikkei, United Kingdom data is provided by the Chartered Institute of Procurement & Supply, and China data is provided by Caixin.

The Treasury yield curve displays the market interest rate across different contract lengths for U.S. Treasury bonds, indicating the relationship between the interest rate and the time ("term") to maturity.

The yields of the 10-year and 3-Month U.S. Treasury bonds are widely followed barometers of the current U.S. interest rate environment. The spread is the difference in interest rates between the two securities.

U.S. Personal Consumption Expenditures (PCE) is an indicator of the growth in consumer spending.

Country GDP estimates are aggregated and redistributed by FactSet. This does not constitute investment advice or recommendations of any kind. Estimates data is provided for information purposes only. IMF-Global GDP estimate is the International Monetary Fund's World Economic Outlook last published on 10/2/19.

The U.S. Dollar Index (DXY) is an index that measures the value of the U.S. dollar relative to a basket of foreign currencies, primarily those of trade partners. An increase in the DXY indicates the U.S. dollar has appreciated relative to the currency of its trade partners; a decrease in the DXY indicates the U.S. dollar has depreciated relative to the currency of its trade partners.