

WEEKLY MARKET UPDATE

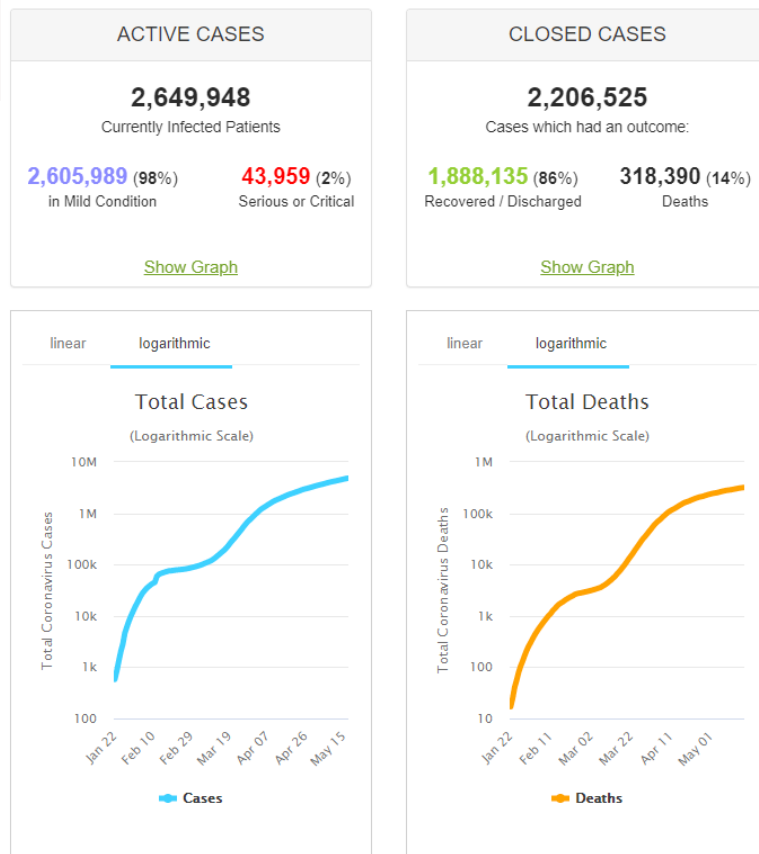
May 19, 2020



Looking at Both Sides of the Coin

Almost four months from the “first” known case of COVID-19 in the United States (more on that in a minute), let’s take a look at where the virus is now and look at the “curve”.

As you can see in the charts below, the curve has started to bend or flatten. That is a good thing. Will it come back in the fall? Not sure. If I can point out one thing, it is a virus and viruses tend to come and go. They mutate and adapt, and likely if it doesn’t come back now, it may change to a new “novel” coronavirus in the future. Keep in mind that SARS and MERS are relatives and it’s likely that there will be some kind of mutation in the future. Will all the work we are doing translate to this next iteration? Again, I’m not sure.



We have shut the economy down (to a large degree) for the last couple months and, now that the curve is flattening, the talk turns to how do we open it back up again? Again, not sure (noticing a pattern here?). Some are saying we should keep things closed until we really have it beat. Others are protesting to open it up. Atop the next page are some headlines from just this week (note, it’s only Tuesday).

Our big question is who will be able to open and to what extent? Again, that remains to be seen.

Also on the next page is a look at the AAll survey that I have shown before. Keep in mind this a contrarian indicator. Bearish is good and bullish is bad.

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Technology

Uber lays off 3,000 more staffers, shuts dozens of offices

It was the ride-hailing giant's second round of layoffs, adding to 3,700 earlier cuts

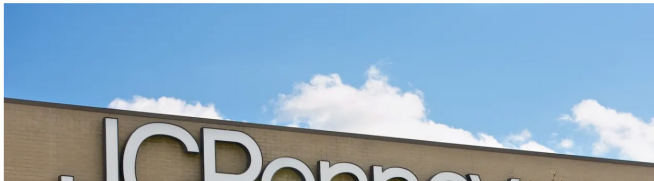
Business

Specialty's Cafe & Bakery Permanently Closing All Locations

Specialty's Cafe & Bakery, a chain with 6 locations in Washington, will close more than 50 locations in 3 states due to the coronavirus.

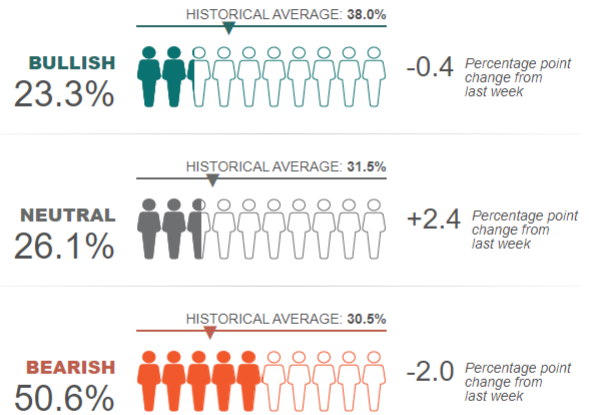
JCPenney says it will close about 240 stores after filing for bankruptcy

Hayley Peterson 2 hours ago



Survey Results for Week Ending 5/13/2020

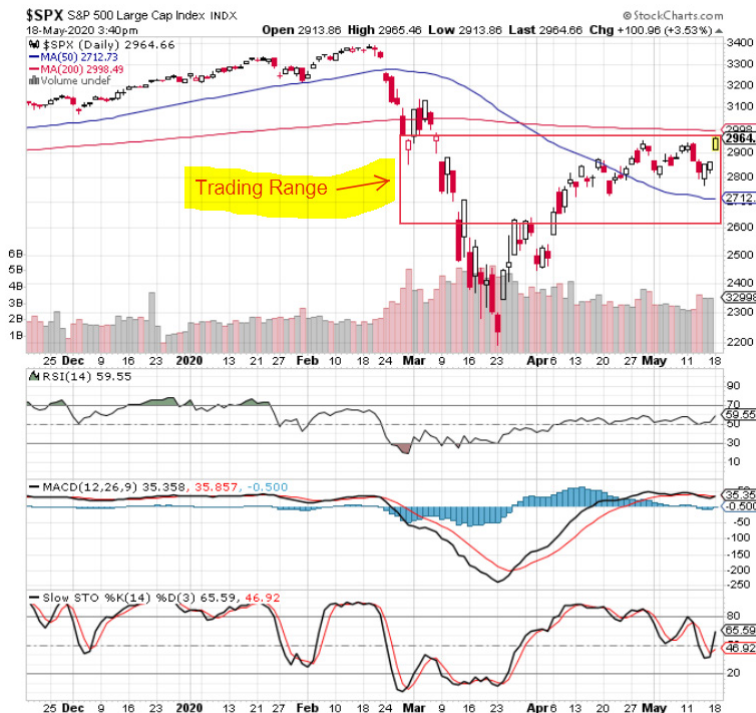
Data represents what direction members feel the stock market will be in next 6 months.



Note: Numbers may not add up to 100% because of rounding.

The AAI Investor Sentiment Survey has become a widely followed measure of the mood of individual investors. The weekly survey results are published in financial publications including Barron's and Bloomberg and are widely followed by market strategists, investment newsletter writers and other financial professionals.

And finally, let's take a look at the market. I want to show you a tale of two markets. One is dominated by the mega-cap tech stocks and the other is equal-weighted. They say very different things.



We are still cautious on the reopening and if small businesses can operate profitably is the BIG question. Half full restaurants, little to no air travel, and good chunks of the economy disrupted are the major economic risks as we see it. A potential resurgence of the virus, either now or later this year, is the major health risk. Finding the right balance between economic health and public health is the trick, and our policymakers, our business leaders, and us as individuals and families all have difficult and important decisions to make. We will continue to tread lightly in the portfolios until the success of these efforts gains clarity. As the band-aids provided by the CARES Act and FED stimulus get removed, and the ability of the generosity of our communities to provide support wanes, we think that we'll see more damage and that this damage could be significant.

Lastly, I mentioned at the beginning about the first known cases. Well, it appears that there were cases prior to that in California and perhaps even here in the Evergreen State. Here is a link to an [NPR story](#) about the first known deaths in Santa Clara county (three weeks before the "first" known death that happened in Washington State). In addition, it must call into question the known cases to this point and the studies that we have referenced in past blogs from California, New York, and Europe of people with antibodies, without prior knowledge of infection. I'm sure more will be known about this as we look back about how this was handled across the globe.

Most importantly, we want to finish by saying, as we move forward, we continue to wish everyone good health and safety. Please continue to stay at home if you are in a higher risk group, and don't hesitate to reach out to us if help is needed. **We're in this together.**



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