

I hope all is well with you and your family. Over the last few weeks many of you have asked me about my predictions about the stock markets. As I've said before, I have no idea; however, based on previous historic market trends, I feel it is prudent to maintain our long-term investment goals and we should expect (no guarantees) that the markets will be higher down the road. I have thought about this some more over the last few days and I would like to add the following to that statement –

This prediction depends on our health and the length of time it takes to find a vaccine or medication that will reduce the spread of this deadly virus.

I currently feel people fall into one of four categories regarding health and the virus:

1. People who have not gotten sick or are asymptomatic;
2. People who got the virus, but suffered from symptoms mild enough to recuperate at home;
3. People who got the virus and had to be admitted to a hospital; and
4. People who eventually passed away from the virus.

We can see a similar structure when it comes to publicly traded companies:

1. Companies that have been doing well in this new market environment, such as companies in Communication Services, Consumer Staples, Health Care, and Technology;
2. Companies that are still up and running and making ends meet but struggling. Industrials, Financials, and some Retail and Real Estate (cell towers and public storage) segments fall into this category;
3. Companies that have seen their revenues drop significantly or have closed for the time being. Consumer Discretionary (Leisure, Travel, Entertainment, some Retail) and Real Estate segments (shopping malls and hotels) fit in this space. Energy also, due to a combination of conflicts between Russia and OPEC, and lower overall demand; and
4. The final category where companies have declared bankruptcy. We have started seeing this hit some major retailers, such as Neiman Marcus and J.Crew.

If we continue to see more people enter categories 3 and 4 overtime, we will eventually see more companies entering 3 and 4. If most of us remain healthy and stay in the 1 and 2 categories, then more companies will remain healthy. Clearly a big win would be finding a vaccine or a drug that can help manage the symptoms. I am cautiously optimistic and will be closely watching the opening of many states these next few weeks to see where our health and the markets might be headed.

As always, if you have any questions please give me a call or send me an email. Take care and be well.

Sincerely,

A handwritten signature in black ink, appearing to read 'Greg Bork', with a long horizontal flourish extending to the right.

Greg Bork

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