



For the Week of July 20, 2020

## THE MARKETS

Stocks were mixed Friday. Despite surging coronavirus cases, investors appeared relatively optimistic about potential vaccines for COVID-19 and a post-pandemic economic recovery. For the week, the Dow rose 2.32 percent to close at 26,671.95. The S&P gained 1.27 percent to finish at 3,224.73, and the NASDAQ fell 1.08 percent to end the week at 10,503.19.

Returns Through 7/17/20	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	2.32	-5.30	0.44	9.80	10.76
NASDAQ Composite (TR)	-1.08	17.67	29.64	19.75	16.35
S&P 500 (TR)	1.27	0.89	10.22	11.64	10.93
Barclays US Agg Bond (TR)	0.23	6.96	9.67	5.53	4.44
MSCI EAFE (TR)	2.20	-7.69	-1.00	1.51	2.36

Source: Morningstar.com. \*Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, Barclays US Agg Bond, NASDAQ and S&P, excluding "1 Week" returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. (TR) indicates total return. MSCI EAFE returns stated in U.S. dollars.

**Textbooks Aren't Always Right** — Economic textbooks agree, creating too much money that chases too few goods will lead to inflation. But it did not happen after three quantitative easing programs in 2008-14. U.S. inflation averaged just 1.8 percent per year over the five years from 2015-19 (source: Bureau of Labor Statistics, BTN Research).

**Still Down But Coming Back** — As of March 27, the date the CARES Act was signed into law, total spending by American consumers was down 30.2 percent from total spending in the country in January. As of July 1, total spending by American consumers had rebounded and was down just 9 percent from total spending in January (source: Opportunity Insights Economic Tracker, BTN Research).

**Where Did They Go?** —The number of publicly listed companies, i.e., companies traded on an exchange, has dropped from 8,090 in 1996 to just 4,397 today (source: theglobaleconomy.com, BTN Research).



## WEEKLY FOCUS – Potential Pandemic Positives

A crisis can leave us better or worse. As most of us long for things to return to the way they were before COVID-19, observers from various fields believe our lives may actually improve in some areas after the virus is controlled, such as:

**Work:** Many employers have been pleasantly surprised by the productivity of employees working remotely, and over half of teleworkers prefer working at home.<sup>1</sup> Companies that allow more employees to work from home permanently will need less office space, reducing overhead. Eliminating geographical limitations will widen their pool of qualified applicants.

**Business:** As comfort with virtual meetings has grown, businesses will probably spend less on travel going forward. Recent supply chain disruptions have companies considering bringing manufacturing closer to home and using better software-based management. Since machines don't fall ill, businesses will employ more automation – hopefully, retraining employees for new positions providing e-commerce related services or managing new machines or systems.

**Technology:** Technology use has exploded during the pandemic. Some governments, school districts and corporations are closing the digital divide by providing internet access to families who can't afford it. This digital focus will undoubtedly persist and expand, with new tech hubs likely springing up around the country.

**Healthcare:** Doctors now provide a wider range of services virtually, saving patients time and allowing caregivers to participate more easily. Better digital solutions could connect information systems, enabling electronic records to follow a patient throughout their care journey. Researchers are using artificial intelligence to discover possible treatments and vaccines for COVID, which may create a path for future solutions.

**Personal finance:** Americans have learned to save better; CNBC recently reported the personal savings rate hit a historic 33 percent in April.<sup>2</sup> Homeowners who refinanced will save for years to come. Before the pandemic, stocks were expensive. Lower prices could lead to higher future returns.

No one can predict the future, but problems often spur innovation, which leads to growth. In the meantime, we'll do our best to prepare you for potential challenges and opportunities. If you have questions or concerns about our economic environment or your personal financial situation, don't hesitate to call.

<sup>1</sup><https://www.aarp.org/health/healthy-living/info-2020/coronavirus-lifestyle-effects.html>

<sup>2</sup><https://www.cnbc.com/2020/06/16/americans-appear-ready-to-shop-again.html>



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\* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America, Copyright July 2020. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI#3168740.1