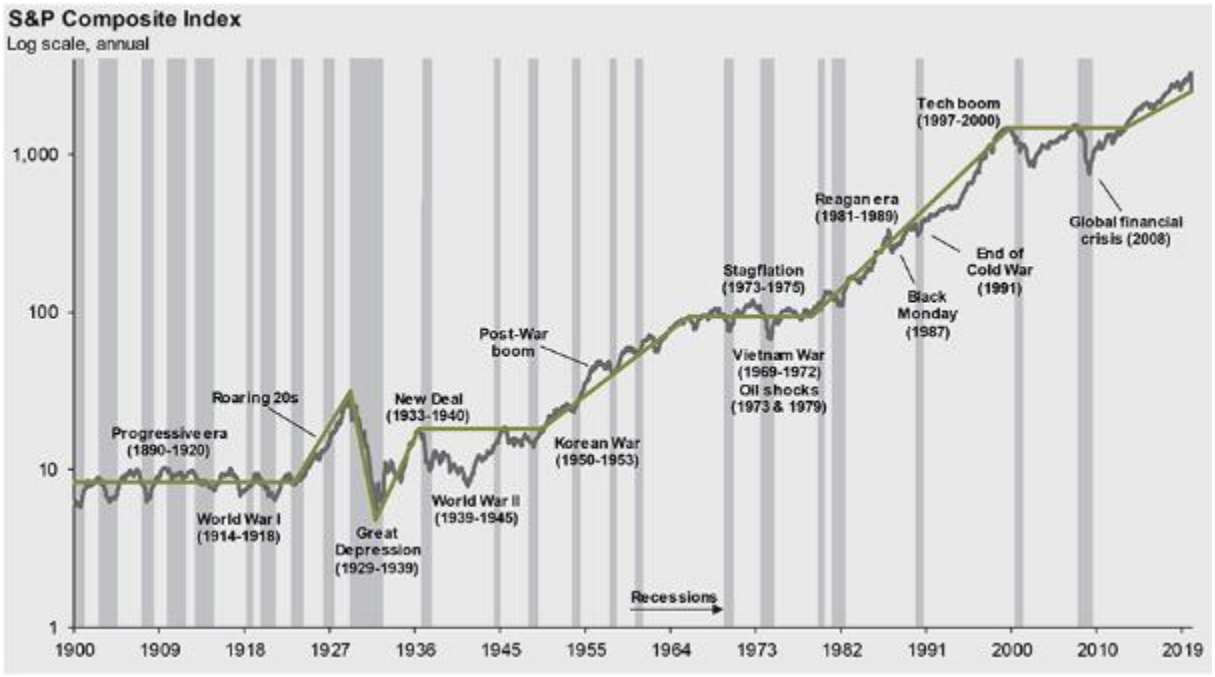
NATIONAL FINANCIAL NETWORK

April 8, 2020

Coronavirus – We love America, by Raymond H. Bovich, CFA

"We love America. America is where we made our fortune!" We paraphrase the opening line from a classic American movie. We believe in the resilience of the American economy because of the innovation of American entrepreneurs. Small business will survive through the generosity of the American people. We will thrive and grow as economic behavior adapts.



This chart shows challenges that the US economy has faced since the turn of the last century. Wars, recessions, market crashes, oil shortages, … The list is long and nearly endless. The markets and the economy have proven to be resilient. Resilience derives from the innovative nature of American entrepreneurs. Assembly lines and standardization of parts allowed mass production of trucks and tractors. Farms became more productive. Production time of World War II Liberty ships fell from 230 to 42 days. Technology has continued to increase productivity. Fracking has driven oil process down and caused the United States to become a net exporter of oil.

The American entrepreneur is meeting the challenge of Coronavirus. New test kits have reduced testing time from 4 days to 15 minutes. Many manufacturers have shifted resources to meet critical needs. A medical research company in Hamden, CT has met consumer demand, developed a hand sanitizer and is selling at the customer's suggested price. A cable and wire manufacturer in North Branford, CT, has proactively registered with the Defense Production Act to manufacturer some of the specialized wire required for the production of ventilators. They have retooled their extruding equipment to produce medical tubing. A start-up plasma coating producer in Storrs, CT has been able to redesign its production to schedule comply with current workplace restrictions. Retailers, warehouse distributors, drug stores and chain restaurants have all announced that they are hiring hundreds of thousands of workers to support the demands of the Work-From-Home initiative.

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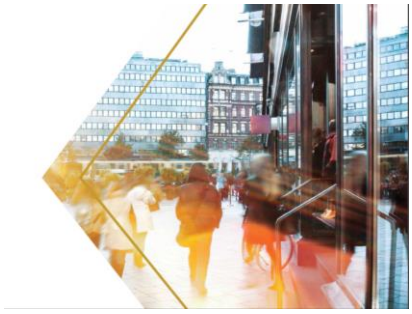

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The spontaneous grassroots campaign to support local restaurants through take-out and delivery is helping to keep small restaurants open and staff employed. Beer, wine and liquor delivery is now available in many areas. Home centers and grocery stores are delivering and loading curbside.

This is a difficult time. America is showing generosity, resilience and innovation. For this, "We love America. America is where we make our fortune!"

Source: FactSet, NBER, Robert Schiller, JP Morgan Asset Management.
Data shown in log scale to best illustrate long-term index patterns. Past performance is not indicative of future returns. Chart is for illustrative purpose only.
Guide to the Markets – U.S. Data are as of March 31, 2020.
Wall Street Journal.

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Pinpoint #2020-98625. Exp 04/2021