



WEEKLY MARKET UPDATE

March 2, 2020



Two Important Notes...plus some additional COVID-19 commentary

Tax Documents

The final versions of most tax documents from Fidelity are now available. If you're signed up for electronic delivery, you likely received a notice from Fidelity over the weekend, if not before, and can access those forms online at Fidelity.com. If you are signed up for mailed delivery, please keep an eye out for the final docs in your mailbox this week. Depending on your account type(s), you should have received the following:

- **Taxable accounts (Individual, Joint, Trust, etc.):** Form 1099 (Consolidated)
- **Traditional IRA:** Form 5498 and Form 1099-R (if taking distributions)
- **Roth IRA:** Form 5498 (informational only, but good to keep with your tax files)
- **HSA:** Form 1099-SA

If you have questions regarding your documents, please do not hesitate to reach out to us at any time.

Uninterrupted Operations

In the event that the COVID-19 issues cause movement to be restricted here in Seattle, please know that our ability to serve you will be uninterrupted. We all have the ability to work remotely at full capacity. Even if our offices are empty, you can still reach us using the same office phone number (and email as well, of course). We will have full access to your account information and will be able to execute trades, move money, and initiate service requests without disruption. We expect the same level of continuity from Fidelity thanks to the robustness and geographic dispersion of their personnel and systems. Should anything change, we will certainly notify you immediately.

And now for another word from Chris...

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If the only tool in your bag is a hammer, everything looks like a nail

Grocery stores are running out of paper towels and toilet paper. Costco stock is up relative to the market, supposedly as a result. People are getting ready to hunker down so they don't get exposed to COVID-19. I for one will not be partaking in this madness. I will instead be borrowing from my neighbors who dutifully stocked up in advance (just kidding).



Can I quickly say one thing? If people are wondering why their 401(k) balance is down, perhaps it's because they changed their habits and stopped consuming in an effort to avoid getting the virus. Like I said Friday, this could become a vicious cycle and, if it does, it's because we let the hysteria overcome the facts. Again, not saying that it's not important, but simply following CDC recommendations – mostly just washing hands and not touching your face or going to severely infected areas – should largely do the trick. That said, if you're considered vulnerable, please stay home.

Ok, now for the real absurdity...the President is again calling for the FED to lower rates to inject liquidity into the system. Even the esteemed Professor Jeremy Siegel is calling for the FED to lower rates by a half percent (50bps).

I've never been a firefighter, but I did stay at a *Holiday Inn Express* last night!. When firefighters put water on a fire, they don't spray at the top of the flames, they spray at the source of those flames. The FED cutting rates in regard to this biological issue is like spraying water at the top of the flames. Sure, some water will drip down to the base and slow the burn, but it's not a very effective use of technique.

Will the FED lowering rates help the markets? Yes, sort of. Will it help people get out of their house when they are afraid of getting COVID-19? Probably not. But when the only tool in your toolbox is a hammer, every problem looks like a nail. I will reiterate comments from Friday. If your interest rate on your mortgage is over 3.5%, you should be getting your paperwork together so you can take advantage of the upcoming historically low mortgage rates. I think you have some time, but not if you aren't prepared.

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We will be cautious as we have been and look for opportunities. We still remain **cautiously optimistic** about the longer term and think there is more room to go in this cycle (after this pullback).

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