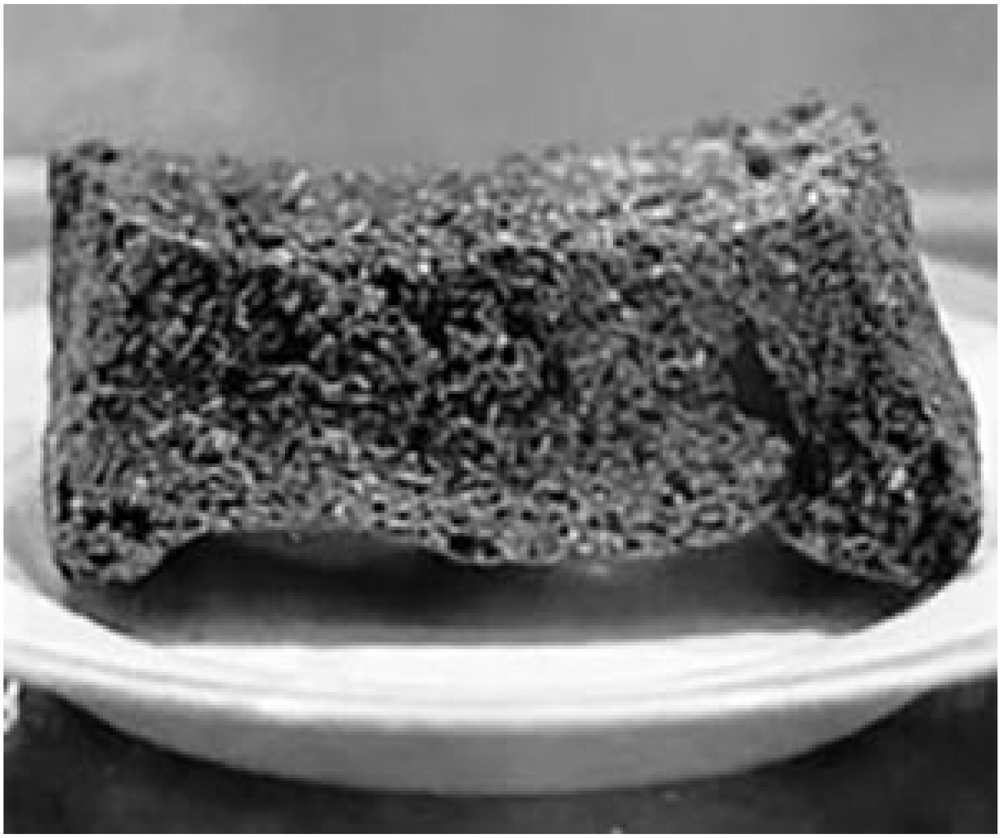
EVERETT FINANCIAL GROUP

Weekly Commentary

July 14, 2020



Siege Of Bread and Butter

To Polish astronomer Nicolas Copernicus we owe our understanding that the earth moves around the sun, not the sun around the earth. It was a discovery that revolutionized science. Do we also owe to him the custom of putting butter on our bread?

In 1519, Copernicus was called upon to command Polish forces besieged in the fortified town of Allenstein, a Polish town on the Prussian border.

During the siege, the town was struck by plague. Copernicus isolated the town's bread as being the source of the disease. But he suspected that it wasn't the bread itself, rather the fact that something was contaminating it. Sanitary conditions in the beleaguered town were marginal at best, and the coarse black loaves could be dropped in the dirty streets, or otherwise contaminated without even showing it.

That's when a fellow by the name of Gerhard Glickselig suggested to Copernicus that the bread loaves be covered with a thin layer of light-colored spread. That would make it obvious if the bread was dropped or if debris fell on it, and people could avoid eating it. Copernicus ordered it be done, and the plague soon ended.

Thus were married bread and butter, at least for the first time that we know of. It didn't become common in Europe until the following century. And so we honor Copernicus as a man ahead of his time in matters of cuisine as well as the cosmos.

True to form, Copernicus employed the scientific method to discover the source of the disease. He divided the town's residents into four groups and fed them different things. The group that got no bread was the only one that remained plague free.

The Greatest War Stories Never Told By Rick Beyer

Weekly Market Commentary
July 13, 2020

The Markets

Please *don't* scream inside your heart.

Last week, a reopened Japanese theme park asked patrons to wear masks to help reduce the spread of coronavirus. It also asked them not to scream while riding the rollercoaster. "Please scream inside your heart," park management urged.

During 2020, stock markets in the United States have taken investors on an emotional rollercoaster ride. By late March, the Standard & Poor's 500 Index had lost more than 30 percent. The Index has since regained most of those losses, although there have been many ups and downs along the way.

The culprits behind market volatility have been fear and uncertainty, often inspired by twists and turns in the coronavirus saga. Last week, as stocks faltered and demand for U.S. government bonds surged, Eric Platt and Colby Smith of *Financial Times* reported:

> "The strong demand for [safe] haven assets emerged after several U.S. states reported further increases in coronavirus cases, after Florida on Thursday recorded its largest death toll since the crisis spread to the United States. Some succor was provided to nervous investors on Friday after [a pharmaceutical company] released data showing its potential coronavirus treatment...had reduced mortality rates in early trials. That provided a bump to stocks and tempered the gains in Treasuries."

Volatile markets often cause investors to become uneasy. Sometimes, the emotional rollercoaster causes them to focus on short-term performance rather than long-term financial goals. Today, market fluctuations, in tandem with health concerns, work anxiety, and social distancing requirements, may trigger a stronger response than usual, making investors particularly vulnerable to the emotional biases within us.

If short-term market swings are making you restless or uncomfortable, don't keep it to yourself. This is a good time to re-evaluate your risk tolerance, review your financial goals, and make sure you have enough cash to meet current needs.

Data as of 7/10/20	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	1.8%	-1.4%	6.4%	9.5%	8.9%	11.4%
Dow Jones Global ex-U.S.	1.4	-9.0	-3.1	-0.1	0.8	2.6
10-year Treasury Note (Yield Only)	0.6	NA	2.1	2.4	2.4	3.1
Gold (per ounce)	1.7	18.4	28.0	14.2	9.2	4.1
Bloomberg Commodity Index	1.5	-17.6	-17.2	-6.8	-7.7	-6.2

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, MarketWatch, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

THE CORONAVIRUS EFFECT. COVID-19 has been reshaping Americans' financial habits. During the second quarter, credit card debt and personal savings data showed, overall, we were spending less and saving more than ever before.

In 2019, when a pandemic was a planning and preparedness exercise for epidemiologists, healthcare professionals, and health officials, the debt Americans accrued on credit cards increased between 2.5 and 4.6 percent each quarter.

Since COVID-19 arrived on our shores and began to spread, credit card debt has fallen dramatically. From January through March, it was down 7.6 percent (the seasonally adjusted annual rate). In early July, the *Federal Reserve* reported the numbers through May:

April 2020: - 64.8 percent (seasonally adj. annual rate)
May 2020: - 28.6 percent (seasonally adj. annual rate)

Lower spending may have contributed to higher savings. The personal saving rate (PSR) in the United States is the percentage of income left after people spend money and pay taxes each month. It increased dramatically in 2020:

January 2020: 7.9 percent (seasonally adj. annual rate)
February 2020: 8.4 percent (seasonally adj. annual rate)
March 2020: 12.6 percent (seasonally adj. annual rate)
April 2020: 32.2 percent (seasonally adj. annual rate)
May 2020: 23.2 percent (seasonally adj. annual rate)

Some believe higher rates of saving are the result of lockdowns and will reverse quickly as states reopen. An analyst cited by Jessica Dickler of *CNBC* explained, "In a month with large government stimulus payments to the majority of U.S. households and widespread economic shutdowns that largely curtailed discretionary spending, the boost to income and the plunge in spending produced an outsized savings rate."

The shift in percentages from April to May appear to support the hypothesis. We won't really know whether Americans will continue to charge less and save more until the pandemic ends.

Weekly Focus - Think About It

"It's good to have money and the things that money can buy, but it's good, too, to check up once in a while and make sure that you haven't lost the things that money can't buy."
--George Lorimer, Journalist

Best Regards,

Brian Everett
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Sources:
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P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

fluctuate.
* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
* All indexes referenced are unmanaged. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.
* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
* Past performance does not guarantee future results. Investing involves risk, including loss of principal.
* You cannot invest directly in an index.
* Stock investing involves risk including loss of principal.
* Consult your financial professional before making any investment decision.