

Market Outlook:

New balances

As the metaphorical dust settles from the first phases of the Coronavirus outbreak, we are now faced with unique challenges from these unusual times. No doubt, political pressures to reopen our streets and market places have superseded the medical data. To wit, no clinician has given the green light to any community that the virus is defeated. To the contrary, the disease is omnipresent and still potent. The intervening issue is how to address the boredom, unrest, and anxiety of a population looking to get back to normal.

Those concerns are not easily nor immediately going to be assuaged. However I do subscribe to the notion that the fundamentals of the economy were strong before the outbreak and they will remain so despite the medical interruption...with one caveat: it will take many months, if not years, to return to that sense of "normalcy". Remember, the standard market benchmarks are a representation of the globe's top corporations. Our focus, though, should be on the "main streets" and smaller tier businesses, many of whom are in dire survival mode.

In times of crisis it is not unusual for investors to try and "recover" lost opportunity. Bear markets and negative exogenous events happen; it is inevitable. Seeking immediate resolution is not the prudent way to respond in my opinion. Rather, it is more important to rely upon best practices which represent and protect one's risk tolerances as well as the new balances that have been created by the calamity. Trying to reverse the course of the predicament or, worse, ignoring it is a recipe for disaster. Guesswork, theories, and strange hypotheses are no replacement for methodology and discipline.

Critical junction

The technical dynamics of the global averages *are* getting stronger. The numbers are building a base above the March lows. The rebound is good enough to be trading in a range above the previous two years' support. Indeed, certain sectors such as Technology and Industrials have shouldered the load of the upswing. The markets are moving to a new cadence. You have probably noticed a pronounced "W-shape" to the direction of stock prices overall, up-down repeatedly. That kind of pattern is descriptive of buyers, then sellers, seeking to gain short-term advantage. But, as noted above, the real tale will be one of long-term rebuilding. It will be during that period that sector and equity opportunity for capital gains will be revealed. In past missives I have highlighted our progressive endeavors in sectors such as healthcare, biotech, agriculture, water services, ecology and waste management, as well as alternative energy and infrastructure. Right there you have a sufficient palette of colors from which to choose your portfolio of opportunity.

Although depressed asset prices might appear to be "attractive", this is not a time for indiscriminate chasing. Despite the rosier picture currently, risk is not out of the markets altogether. Earnings patterns are still telling a diverse story. Market reversals are notorious for revealing winners and losers, the brave from the weak. Giving up your advantage...your cash reserves...at this juncture might create a more strenuous climb back up if the gambit fails.

No one begrudges your desire and right to seek capital gains. But doing so securely and without harm is my mandate from clients. By identifying the positive opportunities borne out of the medical crisis, I believe we have more than sufficient time to create meaningful capital gains as well as the construction of a portfolio with greater purpose financially, emotionally, and spiritually. I have a great deal of optimism that we can build prosperity not only for our own portfolios, but for the communities in which we live, as well.

It is always a good thing to reassess where, when, and how our goals might have changed. The global pandemic has affected many of us in deeply disturbing ways. When these inevitable challenges confront us, *time* is the great facilitator, working on your side to prepare for progressions in our lives, our portfolios, that offer greater opportunity and significance. The temptation to "roll the dice" for immediate gain should be resisted as best one can. Your liquid cash is your best ammunition in the skirmish to come.

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