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Market Outlook:

Up is down

The pandemic playbook for managing portfolio volatility requires strong will and an appetite for looking for trouble . The future holds more of the same. Last week's multi-hundred point swings in either direction on the Dow Jones was symptomatic of the anticipation and trepidation that surrounds reopening the global economy; the potential for more infections; and its impact upon consumer demand, earnings, and corporate viability for the long-term.

Perhaps a knack for recognizing a vast diversity of scenarios widens one's approach to seeking capital gains, but it might also muddy the waters and dilute clarity. The objective is to be as target-specific as possible while understanding that different theories, differing sectors, don't always intersect. Having just achieved the US market's *"best 50 day period in history*" underscores the extraordinary disconnect between Wall Street and Main street.

As bills mount and uncertainty persists, smaller businesses weigh survival for just one more day versus closing altogether and losing their customers, their livelihoods, and their aspirations permanently. Still looming large, recall, are the uncomfortable memories of the *last* recession (2008) during which people lost not only their jobs but their homes, as well.

Best 50 day period in their lives...? I think not.

Absent a sustained episode of jobs re-emergence and other industrial improvements we are likely to be sitting at levels which compete with other major economic depressions of recent past.

No doubt, I welcome the portfolio relief derived from the market's current extraordinary rally, but I fixate instead upon the economy's fragile condition for the "average guy". Look, the economy and the financial markets will return. Of that I have no doubts. But as steward of my client's investment assets I must also orchestrate a meaningful sequence which makes for a sustained and successful outcome. The current social fabric, wrought with racial tensions, global pandemic, and economic wealth inequality, has changed the game plan irrevocably.

Keepers of their true beliefs *before* the last 80 days may find their views and hopes changed *afterwards*. There are issues yet unaddressed such as climate change, hunger and poverty, infrastructure, ecology, healthcare, etc. that might reshape the value system of the globe. The truth is that we cannot change the social trajectory "like a rocket ship" upwards....despite the incredible flight of the stock markets from the nadir of their last condition. You want to play the markets like a slot machine? Be my guest. You want to be an investor in the long term progression of life on this planet? That might be another thing, altogether.

Down is up

Why didn't we jump in at the bottom? First, you tell me where, and when, the bottom is...before it occurs....and maybe we should reverse roles. Secondly, the speculators who bought on the way down come from a different breed. My role is to protect clients from the ravages of panic selling before the damage becomes too severe by laying out an asset allocation which diversifies against risk. These dichotomies represent two different sides of the coin with entirely different mindsets and methodologies. I like to believe that a balanced perspective creates an advantage that doesn't allow for trespass or exogenous influence.

Let me offer two very simplistic theories for your consideration: either the markets precede the economy, in which case the market is telling us that everything is alright and we should be fully invested; or the markets lag the economy and we should be very worried that fundamentals might not sustain today's valuations. I cannot predict the future, nor are the scenarios posited above the only choices. But I do know that using science and data-driven methodologies to blend the two alternatives most often derives a quality outcome for clients in the real world...those who worked hard to accumulate wealth and wish to safeguard it as best they can.