

Market Outlook:

Calm(er) waters

Markets took a pause last week from intense volatility and speculation...which was a good thing. Like eating a gourmet meal, it is always smart to pause in between courses.

However the calm didn't change the fact that there is now, and will be down the line, a major reevaluation taking place in boardrooms, parliaments, and households regarding future expenditures and potential income.

Still struggling to gain capacity, the hospitality, travel and leisure, airline, and restaurant businesses are fighting for survival, while the stay-at-home industries (furniture, television, computer hardware, remodeling) are vastly improving.

All this means that the world has been forced to shift priorities because of the Covid virus and maybe, despite the drastic toll in lives and commerce, there can be a silver lining after all. A preoccupation with "things" and tangible displays of accumulation had come to signify our daily existence. Today, we are witnessing a revival of values-related investing and lifestyles.

The financial markets are rebounding in other ways as well. The "trader's mindset", value driven activity following the market's crash in March, is now morphing into a growth and profit mindset. The promise of continued low interest rates raises the hope that money can be invested towards infrastructure, healthcare, education, and energy. I continue to root this market forward, believing that the underlying economic fundamentals that were strong enough to propel the economy 6 months ago can serve as the basis for the next leg upwards.

Still, the virus is not defeated nor really in a pause. It is everywhere and quite lethal. Pockets of outbreak here in the US and elsewhere around the world are caused, in part, by the ubiquitous nature of viruses, but also by a sense of complacency and boredom by those who just wish this was all over...now!! Until there are genuine palliative care and vaccine alternatives, the likelihood of uncertain and sloppy financial markets is still probable.

Government efforts to stimulate economic activity pales in comparison to any pronouncements from the scientific and medical community. Thus, expectations for a straight-line, "rocket ship" type recovery, economically or medically, are misplaced until or unless those words of victory occur. The next quarter, perhaps the next 6 months, will mostly be determined by advances in medical science.

Despite our rapt interest in what the CEO's might have to say, the real voices of motivation are the pharmacists, educators, doctors, and ethicists who are working tirelessly on our behalf.

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