

Trust the Process

My apologies to everyone for the late commentary this week. I spent the last five days on a golf and BBQ tour across the beautiful state of Arkansas in an RV with my son Jack. Truth be told, we only made it two nights in the RV before we had enough of the “roughing it” and moved to hotels and B&Bs. Before you think the worst of us, we did pull that 26ft RV behind my truck throughout ALL of Arkansas. So, we were *somewhat* legit. What a great time we had. My son is headed off to college in three weeks and I am so glad I got to have that time with him. Let us never forget what matters most - and that is our family and friends. I digress.

World equity markets, and the broad U.S. market in particular (SPY) continue to hold the breakout earlier in the month above 3200. Our ability to do so bodes well for another leg up to the February highs. We are currently 6% from that level and each day it seems more and more likely we will get there, as money continues to come in off the sidelines. The possibility that we could revisit all-time highs within five months, after all that has happened this year, is nothing short of miraculous. As I have suggested several times over the past few weeks, people will be studying the 2020 stock and bond markets one hundred years from now. The collective wisdom of worldwide investors is an amazing discounter of information, but no one could have imagined in the middle of March that so many relative unknowns could be priced in such a way that in a matter of weeks stocks could recover 100% of the February and March declines. Amazing.

So, what happens once the losses are fully erased? A retracement back to all-time highs may be a very good spot for investors to pause and begin to assess a prudent path forward. The Federal Reserve has again held rates near zero and vowed to use all tools available to support an economic recovery. The fact remains that the extent of that recovery is unknown and the damage to our economy on paper has been enormous. I never bet against Americans to find a way forward or to come out better and stronger, but getting there is going to be a fight. A move above previous highs would essentially suggest that the prospect for earnings growth going forward is better than the prospect for such growth in February - before COVID became a household word. That is also hard to imagine.

We will avoid predictions and take it one day at a time as the medical and economic reality continues to unfold. As my son frequently says, “trust the process”.

Last week’s market commentary can be found [here](#).



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