

Patience is a Virtue... and Exactly What Investors Need

U.S. equity markets continue to digest the sudden large gains seen in November. Major indices are essentially flat since December 1 and SPY has experienced four straight down days after hitting record highs on December 6. This makes for the longest consecutive losing streak in almost three months. However, all is not bad. Churning for a period of time is a best-case scenario after explosive gains. I mentioned several weeks ago that under normal circumstance we would expect a pullback of some magnitude given how far ahead of themselves markets jumped in November. The reason I felt that we would continue higher through the end of the year was the COVID-19 vaccine progress. Widespread distribution of the vaccine is our get-out-of-jail ticket and is capable of unleashing enormous demand side growth. I am also aware that there is a record level of cash sitting on the sidelines just waiting for an opportunity to get in.

Many investors are still in cash and missed the November rally all together. I can tell you from experience that there are few things worse than watching the market run away from you while sitting on the sidelines. I believe the market will move up as we get closer to herd immunity and continuing clarity that our lives will really return to normal. I also believe the greatest risk is not being invested if/when that happens. The problem is that this will happen in spurts and we are facing the same or worse infection rates than we had in the spring. The only difference now being that we are much further along on the thing that matters most... a medical solution.

Yesterday morning, markets opened up big but immediately sold off on news that New York was planning another total shutdown. This dose of reality is a slap in the face to those who think this will all be quick and easy. Markets finished the day at session lows. Our political leaders continue to muddle slowly toward some ability to put the country ahead of themselves. This is of course a great thing, but it just seems to come very slowly. Millions of small business owners are hurting and need help now. Their livelihood matters more than anything else on the economic front. They are the engine that drives America.

Today is about patience. It is said to be a virtue and I believe that is so. We did not get here in a day, or a month, or even six months. As such, it will take time to fully break through. Whether it is the answer of a vaccine or our politicians regaining some sense of duty, we are getting closer. When we do break through, our country will be ready and so will the market.

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



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