

## Markets Drop to Start the New Year

I hope all our investment and advisor partners had a wonderful holiday week spent with family and loved ones. It is all that really matters at the end of the day. I also hope each of you are healthy, as are as those that you care about. That cannot be emphasized enough these days.

U.S. equity markets took a well-deserved drop between 1 and 2% today to start the new year. The climb from the late October lows has been nothing short of remarkable and given the ever more obvious pandemic realities, we are due for a pullback. The end of this nightmare is in sight, but you may need binoculars to see it. I am not a logistics or medical expert, but it is very clear that this country needs a major collaborative effort to get these vaccines administered. If we can cross the English Channel under cover of night and take the beaches at Normandy, and twenty years later put a man on the moon... we can do this. The longer it takes for this to come into focus, the more likely everyone reading this is to be impacted, health wise or financially.

I expect the market to remain volatile for the next few days as we sort through some continuing political strife surrounding Georgia’s Senate races and the certification of electoral votes in Congress. I am a big believer that markets are all knowing and are concerned with only one thing, which is the relative prospect of corporate earnings. The politics themselves are irrelevant. It is the results of the politics that matter. As such, we seem likely to test the major indices’ 50-day moving average at 3600 (S&P 500), before we can move higher. This country remains poised for growth, but we may have some rocky times ahead if we don’t begin treating this pandemic like the war that it is.

Happy New Year! Let it be the best one ever! At Cabana, we remain in our Bullish Scene.

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



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The COVID-19 health epidemic has had substantial global economic impact on financial markets. As of March of 2020, restrictions to travel and business spanning the economy for activities not deemed essential have been imposed throughout the United States. These restrictions have caused unprecedented volatility and uncertainty in capital markets and have negatively impacted the economy. It is unknown how severe the impact to the economy and capital markets will be if the epidemic persists for an extended period of time. The epidemic may have a material adverse impact on Cabana’s investment advisory business including, but not limited to, the performance of our portfolio strategies.

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