

Your Economic Summer Recipe: *Mixed Greens, Juicy Rebounds and Cautious Outlooks*

Dear Trilogy Friends:

July 7, 2020

We hope this letter finds you healthy and safe, enjoying the summer months, and finding new ways to remain sane during what has certainly proven to be a year of strange, new challenges.

In the span of just three months we have endured events that echo three very difficult periods in our country's history: a pandemic (1918), Great Depression-like unemployment (the 1930s), and civil unrest (the late 1960s). Combine those three events and you get 2020.

WHY IS THE MARKET GOING UP?

There is a lot of data to absorb when thinking about the economy these days:

- With varying degrees of success, we have seen death rates from COVID-19 decrease, yet we are still seeing infection rates expand in areas of the country and around the world.
- Around 75% of US employees live paycheck to paycheckⁱ and only 29% of Americans can work from home...so long-term unemployment will have serious impact on many citizensⁱⁱ
- Monetary support from the government has been prompt, helping many businesses and families...but the future of this support is uncertain and it will have long-term impact on the economy
- Positive gains have been made but the global effects of the pandemic remain as China, Europe, and Asia all saw significant economic downturns.

Since US markets have rebounded strongly off the lows, how can we explain the market's response? The Simplest Answer: is financial markets are **forward-looking**. With many states starting to reopen, investors are focused on the resumption of economic activity. They also appear to be assuming a best-case scenario in which COVID-19 is contained and a damaging second wave of infections is avoided. Investors are far more optimistic about the future direction of the economy than they were a couple of months ago.

WILL IT LAST?

Long term investors can take comfort in the knowledge that recovery is the norm for most markets. REMEMBER: If your goals or risk tolerance don't allow for downturns, we encourage you to discuss your financial plan and your investment goals. Even in these uncertain times, there are solutions that can bring together the right mix of risk and reward.

WHAT CAN YOU DO?

Remember what matters: quality, strategy, personal goals and efficient financial planning all REALLY matter when things are feeling unsettled. Stock markets are designed to reward risk takers and steady, consistent investors. Your plan will reflect your goals for the long term...don't let short-term challenges derail you.

Be Well and Thank You!



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ⁱ Source: Getting Paid in America, American Payroll Association, 9/10/2019.

ⁱⁱ Bureau of Labor Statistics, US Department of Labor.