

## FALL 2020

In a year already rife with dramatic events, the positive Covid 19 diagnosis of the President, First Lady and many others in the White House is the latest shocking headline. The final quarter of 2020 already presented major challenges without new concerns about the health of the President and those closest to him. We are approaching the end of a tumultuous national election amidst the possible resurgence of the virus, continuing civil unrest and a vulnerable economy trying to sustain a recovery.

Hopefully, the President's health will be the first challenge to be resolved in the next few weeks followed closely by the successful conclusion of the election. Ideally, we will know the results of the election on November 3<sup>rd</sup>, or very shortly thereafter, but the possibility of a protracted vote count and more turmoil certainly exists.

There is hope on the virus front as well with many promising vaccines and therapeutics in late stage development. The President's Covid treatment embodied two of the more promising therapeutics, Regeneron's antibody treatment and Gilead's Remdesivir. The approval of one or more vaccines seems likely in the next few months. However, even with the rapid approval of an effective vaccine or vaccines the wide distribution of it will take time. Hopefully, the mitigation measures widely practiced by most people and better treatment options will lessen the severity of any resurgence of the virus in the winter and spring of the new year.

The economic recovery is progressing but there are some concerns about the slowing pace of job creation (or re-creation) in the last monthly report. The consumer strength evidenced over the past few months may need to be sustained with more fiscal stimulus. The fate of the additional stimulus is mired in negotiations between the warring political parties but there is hope for some compromise.

The U.S. stock market seems to be anticipating some additional fiscal help from Congress. Even after a decline in September, the stock market as measured by the Standard & Poor's 500 (S&P 500), has advanced 5.6% year to date as of September 30, 2020. This modest advance in such a chaotic year should be viewed with the realization that the low for the S&P 500 in 2020 was 2228 in March and the high 3588 in August. The August high point in the S&P 500 was over 60% above the March lows. The March low was 31% below the December 31, 2019 close of the S&P 500, an amazing swing in a remarkable year. It is somewhat reminiscent for us

old timers of the 2.26% return for the Dow Jones Industrial Average in 1987. It looks benign but it included the 22.6% drop in one day on October 19, 1987.

It may seem like tempting fate by bringing up 1987 during October in such a tumultuous year. There are plenty of obstacles facing the nation and world and more volatility in the markets as events unfold is certainly possible. Certain sectors of the stock market that seemed somewhat overvalued in August corrected swiftly in September and there is evidence of excess enthusiasm in the market for untested new companies. On balance however, we believe many stocks are reasonably valued, particularly with interest rates so low. The monetary policies of the Federal Reserve and the potential fiscal stimulus from Washington should help the economy and stock market in the long run.

Being at an age where time seems to pass all too quickly, wishing the swift passage of 2020 seems wrong. Yet, as we enter the final quarter of a year unlike any we have experienced, the sooner we are done with 2020 the better. The turn of the calendar to 2021 will not bring an end to all our challenges, but we believe better days are ahead. We wish you and your families a safe and happy holiday season and all the best for 2021.

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