

Thursday, April 23, 2020

Good Morning,

With the strong market rally off the March lows, investors seem to be discounting the horrific damage being done to employment, retail sales, and corporate earnings. We are heading into a sharp recession and there is growing debate about how and when to open the country back up for business. Some analysts have dire predictions based on the historical drops in economic activity. But, when in history did we witness a self-imposed shut down of the world's economy? History may not be our best guide at the present time. Perhaps investors are looking past the short-term pain and forward to the recovery later this year and into next.

The price of oil has made headlines as crude has fallen from \$63 per barrel on January 1<sup>st</sup> to just under \$12 on Tuesday of this week. Analysts blame the "demand shock" as people have stopped driving, planes stopped flying, and commerce has ground to a halt. Meanwhile, producers keep pumping oil and have literally run out of places to store it. Crashing oil prices sent all stocks lower on Monday and Tuesday as the energy sector is supported by industrial, financial and services companies. Again, the pendulum has likely swung too far, too fast, and we expect prices to rise and moderate in the coming weeks. Gasoline prices are very low, but nobody is driving; all dressed up and nowhere to go.

What will opening the economy look like? When the 'stay at home' orders are lifted, will you fly on a plane? The Transportation Security Administration says 95,085 travelers went through TSA screening at US airports last Thursday 4/16/20, down 96% from the 2,616,158 screened passengers on Tuesday 4/16/19, or one year earlier. I don't see where people will quickly resume gathering in crowded airports, planes, bars, restaurants, etc. We have a very long road ahead and the future may look very different than the past, unless a reliable therapeutic and vaccine are developed sometime before year-end.

On Monday, all three of our sons were home for a family meal – the first time in 4 months. Two of them had been out West and made their way back East in the past couple weeks. It was a simple, yet wonderful moment, and a great break from the monotony of isolation. I hope you and your family and friends are staying close in this difficult time.

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[http://www.commonwealth.com/RepSiteContent/weekly\\_comm/commentary\\_redirect.htm](http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm)

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Waiting for warmer weather,

*Wade*

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