

Wednesday, July 15, 2020

Good Afternoon,

Stocks continue their overall upward momentum punctuated with short, sharp sell-offs. Interest rates reached their lowest point since March as demand for Treasury securities pushed prices higher and yields lower. In June, producer prices fell 0.2% and are down 0.8% over the trailing twelve months. The collapse in demand related to the pandemic has caused the price of goods to fall. As long as the pandemic and accompanying economic malaise continues, the deflationary trend is likely to continue as well.

It's second quarter earnings season and the results are likely to be terrible. However, the market already knows this and is reflecting stock prices based on a full and immediate economic recovery. That seems farfetched to us. While stocks have clearly received support from historic levels of stimulus and lack of alternatives for investors, additional measures by Congress are not as certain. There is a growing realization that the economy faces a long road to recovery and worries over stalling or reversing growth may ramp up. Especially as COVID-19 cases continue to expand.

We're halfway through a year most of us would rather forget. Yesterday, five months into the pandemic, the US set a record for new COVID-19 cases at 67,400. The risks of having to shut down again are real. California could overtake New York in confirmed cases by next week. While we in New York have done well to "flatten the curve", the curve is rising sharply in California, Florida, Texas, Arizona, Georgia, North & South Carolina, as well as a handful of other states. The debate over mask-wearing has become political and petty. If Americans aren't willing to wear masks in public to stop the spread of the virus (because their 'rights' are being trampled), we are in for a very long and painful episode in American history.

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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.

Stay safe and enjoy the summer weather! Wear sunscreen – and mask in public.

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Wade A. Sarkis, CFP®, AIF®  
Managing Partner  
Canandaigua Financial Group  
45 Ontario Street  
Canandaigua, NY 14424  
(585) 396-2720

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