

Wednesday, August 19, 2020

Good Afternoon,

Economic statistics are showing a gradual recovery in consumer spending, home building and industrial production. While this is great news, we are likely to see interest rates begin to rise off record lows. Extremely low rates have led to a lack of competition for stocks and have contributed to the market's sharp rebound. Rising rates – due to an improving economy - may have a negative impact on stocks. Historically speaking, that is a normal outcome, and, in this case, good economic news may be bad for stocks. Markets are also anticipating additional stimulus/relief from Congress and that process is currently mired in political bickering.

Want to get away from it all? How about a cruise? According to the Coast Guard, there are 57 cruise ships either sitting at or anchored near US coastal cities waiting for the Center for Disease Control to lift the suspension of their industry. Many of the ships remain anchored at sea in order to avoid “port fees” that can exceed \$10,000 a day. We won't soon forget the Diamond Princess, that floating petri dish that spent the month of February at a Japanese port as COVID-19 raged through the ship. It's hard to imagine when people will feel comfortable enough to once again get on a boat with 4,000 strangers.

Major League Baseball is underway, and they are nearly halfway through the season (shortened to 60 games) with many teams having played 25 games already. However, the virus is wreaking havoc for some teams with multiple players testing positive and missing weeks of play. The St. Louis Cardinals have played a total of 11 games as their roster has been decimated with sick players. It's difficult to see how the league will complete the season, then have playoffs and the World Series. At least football is right around the corner. Or is it? Perhaps some team should change their nickname to the “Vaccines.”

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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.

Enjoy your week,

Wade

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

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