

Thursday, March 26, 2020

Good Morning,

Today we got our first real glimpse of the economic downturn heading our way with the release of last week's unemployment claims. 3.3 million Americans filed new unemployment claims last week, 3 million more than the previous week. This morning stocks are rallying. How is that possible? Perhaps we are at the point where bad news is no longer shocking. Perhaps markets priced in worst case scenarios and are walking back some of that overreaction. We shall see as more economic data is released over the coming weeks and month. We already know that the data is going to be horrible.

It's also clear that we will temporarily enter a sharp recession. However, unlike past recessions, this is a recession of necessity. Essentially shutting down the economy to stop the spread of the virus – like an induced coma. How will we fare in a 'man-made' recession? Will the cure be worse than the disease? The potential economic ramifications of closing the US economy for all but essential business is mind boggling and potentially catastrophic. However, this is not happening in a vacuum. The Federal Government and Federal Reserve have moved quickly to limit the damage as much as possible at the front end of the decline rather than react to it at the back end, like most recessions. That is an extremely important distinction.

The country seems to be uniting against COVID-19. As we fight the virus and the boredom of isolation, how do we entertain ourselves? You can read and learn new things or take up a new hobby. Or maybe you can randomly call people in India and ask them about their expiring car warranties. If you find you're having trouble staying at home, maybe try shaving off your eyebrows. That should keep you indoors. Sorry, I was asked to keep the humor coming. This could get worse than the virus.....

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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 healthy.

*Wade*

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