



## Positive Territory - August 14, 2020

The battle versus COVID-19 continues. The spread in some of the recent hotspots like California and Florida is slowing, while states in the Northeast and Midwest are now experiencing increases in cases. According to the World Health Organization, 27 vaccines are in human trials, and the chances of an approved vaccine by late this year or early next year are quite high. By staying on the side of scientists, and through humankind's resolve as the entire world is working together, it's possible to believe we will beat this latest adversary.

In good news, the S&P 500 Index has moved into positive territory for the year (as of August 5) after being down more than 30% in March, making 2020 one of the largest reversal years ever. Going back to 1950, however, August and September historically have been the two worst months of the year for stocks. In addition, signs of recent weakening in the job market, based on stubbornly high jobless claims, combined with evidence of reduced consumer mobility from several high-frequency data points suggest the stage could be set for stocks to take a well-deserved break.

At the July 29 Federal Open Market Committee meeting, Federal Reserve (Fed) Chair Jerome Powell made it very clear that the Fed has additional tools to support the recovery, and that low interest rates may be here to stay well beyond this year and next. The economy has improved off the March lows, but it isn't near the record-breaking levels we saw earlier this year. Powell also noted that further relief from Congress was "essential" to help support the economy.

Meanwhile, Congress is inching closer to a new COVID-19 relief bill, but parties remain at odds over several key elements. Although the two sides appear far apart, a deal likely may be struck at the eleventh hour—consistent with typical Washington theater. At this time, Congress is expected to agree to a stimulus package in the neighborhood of \$1.5 trillion, bringing the total US fiscal stimulus to more than \$4 trillion.

Signs that the economic recovery may be leveling off have not prevented corporate America from delivering earnings well above expectations. Leaders like Apple, Amazon, and Facebook reported extremely strong results in the second quarter, helping these influential stocks move significantly higher. FactSet consensus estimates of future earnings have ticked higher as well, suggesting corporate America may be confident in the eventual economic rebound.

Baseball Hall of Fame catcher Yogi Berra said, "If you torture numbers enough, they will tell you anything," which fits well with what we're seeing right now in 2020. Some data appears good, while some data appears troubling. This journey is not over yet, and there may be more twists and turns before society and the economy can fully recover from COVID-19. But like all journeys, this one has an end date, and we will get there.

Until then, please remain diligent and strong, and contact me with any questions.

Regards,

Michael D. Allard  
LPL Registered Principal  
CA Insurance Lic. #0792088  
CALBAY INVESTMENTS, INC.  
500 La Gonda Way, Suite 280  
Danville, CA 94526



*\*Barron's "America's Top 1,200 Financial Advisors: State-by-State" list is based on assets under management, revenue produced for the firm, regulatory record, quality of practice and philanthropic work.*

#### *Important Information*

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors or will yield positive outcomes. Investing involves risks including possible loss of principal. Any economic forecasts set forth may not develop as predicted and are subject to change.

References to markets, asset classes, and sectors are generally regarding the corresponding market index. Indexes are unmanaged statistical composites and cannot be invested into directly. Index performance is not indicative of the performance of any investment and do not reflect fees, expenses, or sales charges. All performance referenced is historical and is no guarantee of future results.

All data is provided as of August 5, 2020.

Any company names noted herein are for educational purposes only and not an indication of trading intent or a solicitation of their products or services. LPL Financial doesn't provide research on individual equities.

All index data from FactSet.

This Research material was prepared by LPL Financial, LLC. All information is believed to be from reliable sources; however LPL Financial makes no representation as to its completeness or accuracy.

Michael Allard is a Registered Principal with and securities are offered through LPL Financial, member FINRA/SIPC.

#1-05040636