

Monthly Market Commentary

Wow! Where did the time go? Summer is in full swing and we hope that you and your family had an enjoyable 4th of July! As we continue to live in uncertain times, we hope that you and your family can remain safe and healthy!

After a wave of surprises and a roller coaster ride in global assets, we are halfway through one of the years that will go into the history books. Most of us have never seen major economies shut down to minimize the impact of a pandemic and prevent loss of life. Global travel has been reduced by almost 90% as countries have shut borders and it remains uncertain when they will feel comfortable to return to normal. The implications of which is turning out to be one of the steepest recessions since the great depression in 1929.

As the phased reopening of the economy progressed over the last month, we have seen most high frequency data bounce off the depressed levels that were seen in the height of the lockdown. However, activity remains very depressed and will take a while before returning to levels seen prior to the outbreak. In the latest week, after less than a few months of the phased re-opening, we are starting to see a spike in Covid-19 cases in pockets of the country. This raises caution and uncertainty over the progress that can be made to safely reopen. As we wait for progress on a vaccine or a therapeutic, taking necessary precautions and maintaining personal hygiene can help us and our communities fight the virus.

Over the longer term, considering the man-made nature of the lockdown, relatively good financial health of the consumer, a stronger financial system, and a massive monetary and fiscal stimulus should help offset some of the lost output and pave the path to recovery. In the near term, with elevated levels of volatility and uncertainty, we continue to take a defensive approach while opportunistically adding exposure.

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