

So Long 2020

An extraordinary year? An abnormally bad year? A life altering year? No question, an unlikely year we may never forget and may change our lives forever.

1st Quarter—Shock and Disbelief

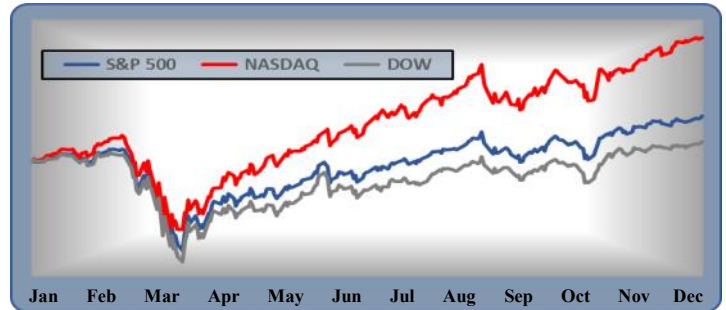
2020 began with the longest economic expansion in U.S. history. Unemployment was at record lows boosting consumer wealth and consumer confidence propelling the longest bull market in recorded history. Without warning the world was stricken by an unforeseen and unannounced foe, the coronavirus pandemic. By the end of March, 80% of Americans were on lockdown. Nightmares of deserted streets, dark restaurants, empty planes and sport stadiums were not a dream, but our new, unwelcome reality. *No end in sight?* Acting quickly the U.S. Department of Health launched **Operation Warp Speed** to expedite the development of a vaccine.

The lockdowns triggered a violent stock market decline, dubbed the **Coronavirus Crash**, causing the greatest loss in global stock markets ever. U.S. markets, after attaining record highs in February, suffered their sharpest descent in history in just over a month and the most devastating since the Wall Street Crash of 1929. The Federal Reserve and Congress responded with unprecedented action. The Fed cut the federal funds rate to near zero and Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act delivering **\$2.3 trillion** in direct aid to individuals and business, drastically dwarfing any prior governmental stimulus program.

2nd Quarter—Economic Shutdown

The pandemic's virulent nature battered New York City forcing field hospital tents to spring up in Central Park and transforming the Convention Center into a makeshift hospital. Most of the country had not yet felt COVID's wrath. The social distancing and "stay-at-home orders" quelled the localized surges on the coasts and shielded our country's midsection, but the lockdowns immobilized our economy, triggering the steepest GDP contraction in history. Unemployment surged to 14.7% in April from February's low of 3.5% and millions of Americans joined food lines to avoid going hungry.

The CARES Act massive stimulus protected Americans from the financial devastation wrought by the COVID shutdowns. The direct payments to workers and small businesses, along with enhanced unemployment benefits, kept many American families, and the economy at large, afloat. These direct payments helped Americans set an all-time-high savings rate, while poverty actually decreased from 2019. The stock markets astonishingly snapped back ending the briefest bear market in history, lasting only 33 days!



3rd Quarter—Reopening Reconsidered

By the end of June, Public patience had worn so thin that several states attempted to reopen giving rise to a second surge. Like on the coasts, the COVID outbreak was localized, with this second surge targeting the southern states. Reopenings were reconsidered and the surge controlled aided by masks and social distancing. News of the large scale, Phase 3 trials by Pfizer and Moderna offered hope for a COVID vaccine by yearend.

Republicans and Democrats in Congress continued to haggle over the second round of stimulus. The bond and stock markets' sustained ascent overlooked the partisan stalemate, anticipating a breakthrough for more government cash while our Fed affirmed their promise to hold interest rates low for the foreseeable future.

4th Quarter—COVID Winter

We were forewarned of a bleak COVID winter. The cold weather drew us indoors and the holiday season urged family gatherings. New COVID cases doubled from the first wave's 30,000 to 70,000 in the second surge, and tripled to 220,000 in the third. Our national health experts are now warning that the next two months may be the most difficult time in public-health history. This "surge superimposed upon a surge" may fill hospitals and double daily death tolls. The grim vengeance of a COVID winter.

However "more rapid than eagles", vaccines were created. The FDA gave emergency use authorization to Pfizer and Moderna for their COVID messenger RNA (mRNA) vaccines. A new type of vaccine that doesn't use the dead or weakened virus, but a single-strand molecule which complements our DNA. This mRNA strand tells our cells to trigger an immunity to COVID-19, then our cells dispose of the strand.

Boosted by the initial distribution of safe and effective COVID-19 vaccines, along with the bipartisan **\$900 billion** relief package signed into law last Sunday, the three major stock indexes all set new all-time highs the very next day. An unlikely end to an unlikely year. Be thankful. Be patient. Be tolerant. We're all in this together and together, as one, we are stronger. *The end is now in sight.*

