June Commentary

June 8, 2020

If you recently woke from a 5-month slumber and looked at the stock market, you might think not much has been going on this year. Year-to-date the Dow Jones Industrial Average is only down about 4 percent.

The ticker tape would not indicate that there is a global pandemic, double-digit unemployment, political and civil unrest, and wild swings in the market. Your only indication of any volatility is that oil is $20 cheaper and the yield on a 10-year Treasury declined 1% since the start of the year.

The market rebound has been very swift. While there are still many obstacles and uncertainties in the economy, we believe that staying the course and invested in the market is the best strategy for long-term growth. If you pulled out of the market in March, you would have missed the rebound and these market upswings are very difficult to replicate.

We continue to invest in companies that have financial stability and are able to weather the uncertainty of the next several quarters. Many of these companies are paying dividends that are 2% or higher and even increasing their dividends. While not a perfect substitute for fixed income investments, dividends on common stocks offer an attractive alternative to the extremely low yields on CDs and Treasuries which are less than 1%.

We expect 2nd quarter earnings to be difficult, but we think that for moment the worst is behind us. Hopefully, as the country reopens we will not see a spike in Covid-19 cases and a vaccine will occur later this year.

We are back at the office and able to meet either in-person, virtually by Zoom, or by phone. Please contact us with any questions and enjoy the start of summer!

Best Regards,

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