

# Market Insight Call



## **Presented by:**

Kimberly Mills  
Marketing Manager

Steve Dixon, CFA®  
Principal, Investment Manager

# Market Insight Call

- Current state of the economy
- Massive federal stimulus and support
- Stock market looks forward
- Pitfalls of market timing
- What now?

# In Recession

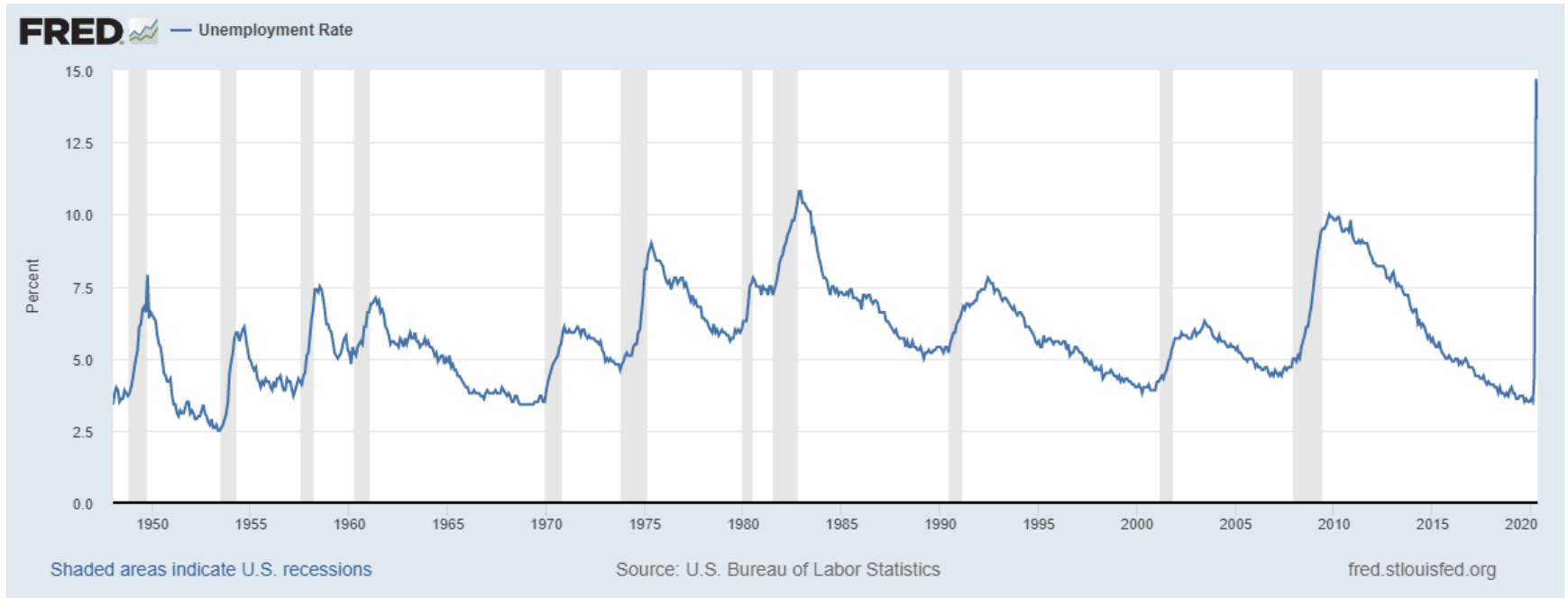
Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

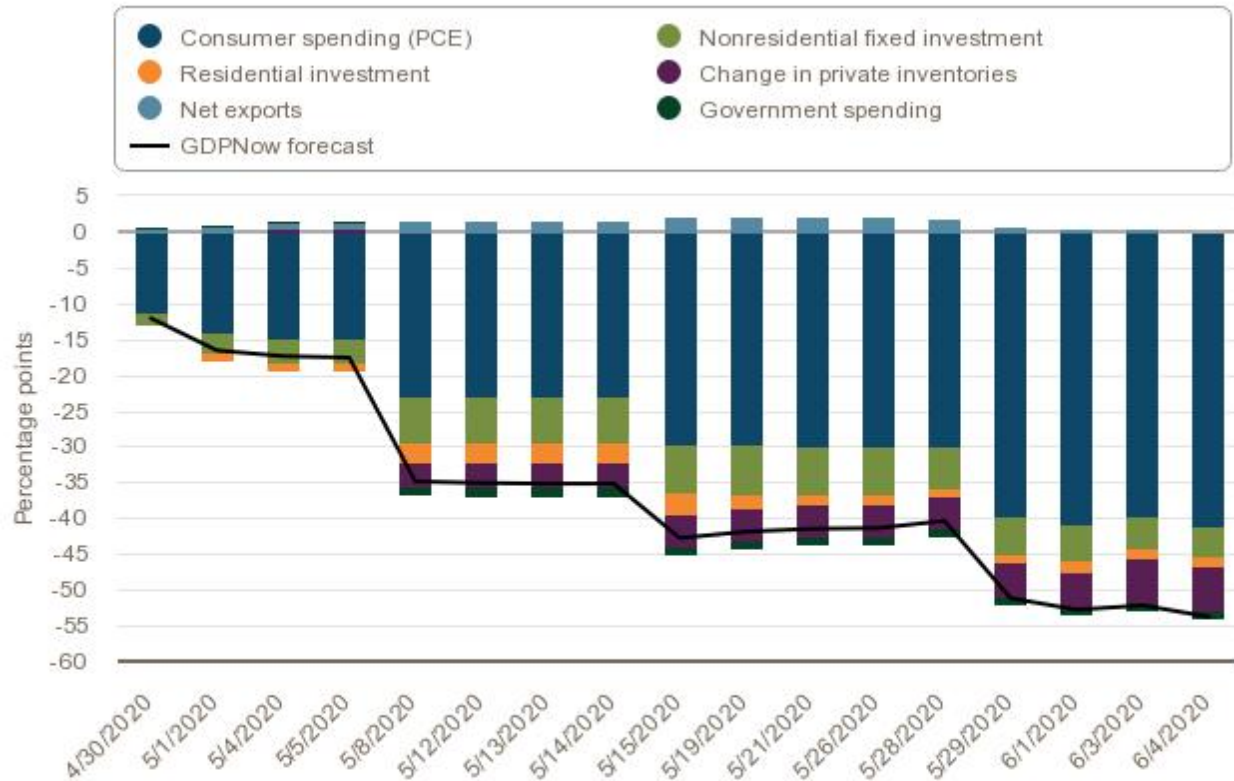
Seasonally adjusted at annual rates

# In Recession



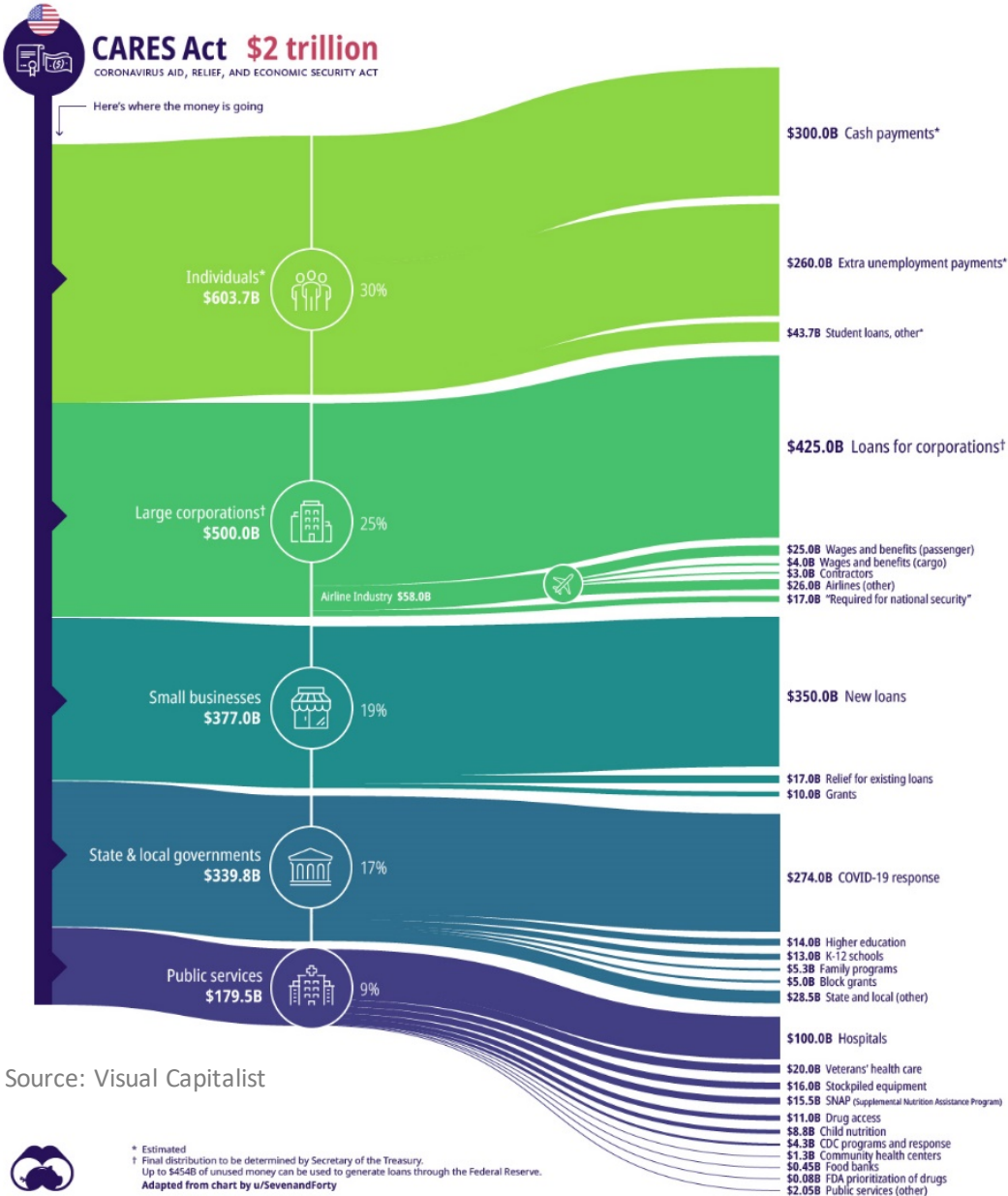
# In Recession

**Subcomponent contributions to GDPNow real GDP growth forecasts**



Source: Atlanta Fed

# Congress to the Rescue



Source: Visual Capitalist

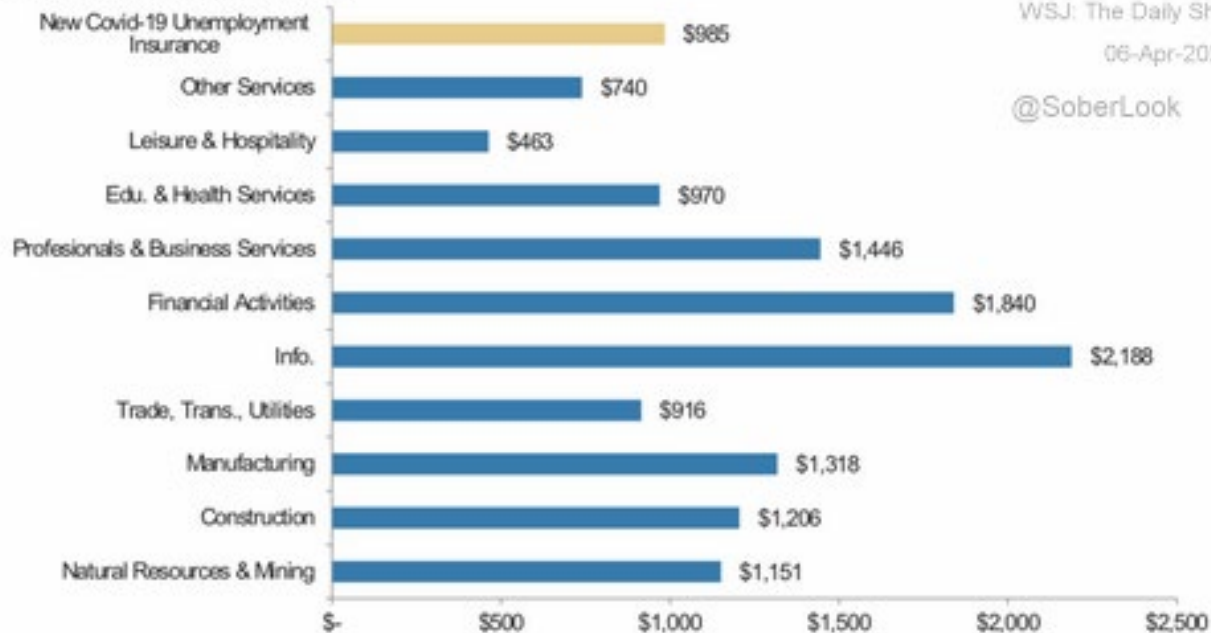


\* Estimated  
† Final distribution to be determined by Secretary of the Treasury.  
Up to \$454B of unused money can be used to generate loans through the Federal Reserve.  
Adapted from chart by u/SevenandForty

# Congress to the Rescue

**Exhibit 7: Average Weekly Earnings by Industry**

**Average Weekly Earnings by Industry**



Posted on

WSJ: The Daily Shot

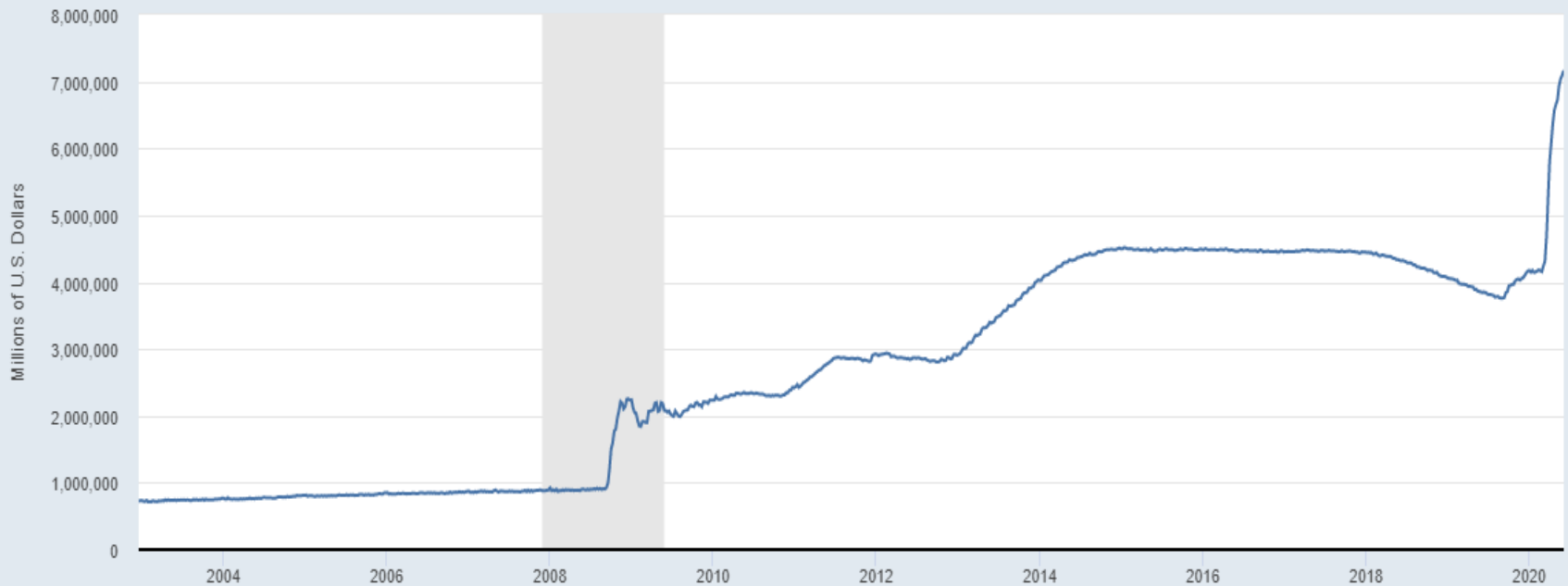
06-Apr-2020

@SoberLook

Source: Bureau of Labor Statistics, Morgan Stanley Research

# Central Banks to the Rescue

**FRED** — Assets: Total Assets: Total Assets (Less Eliminations From Consolidation): Wednesday Level



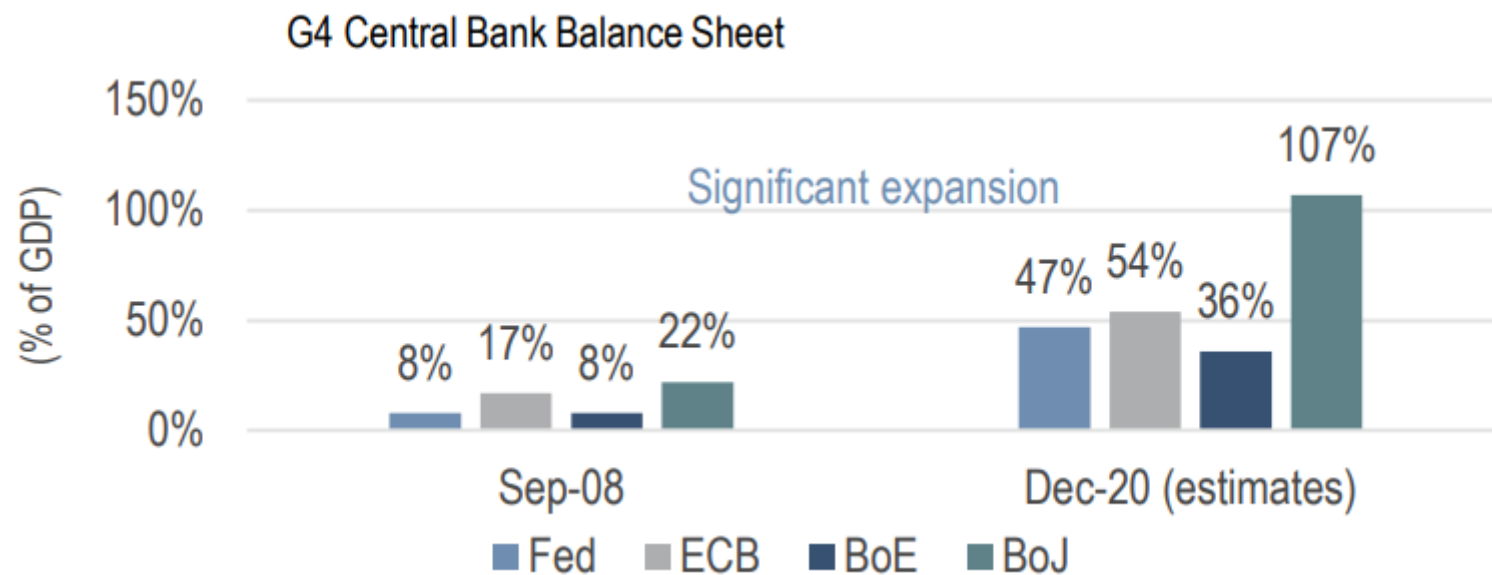
Shaded areas indicate U.S. recessions

Source: Board of Governors of the Federal Reserve System (US)

fred.stlouisfed.org






# Central Banks to the Rescue



Source: Neuberger Berman

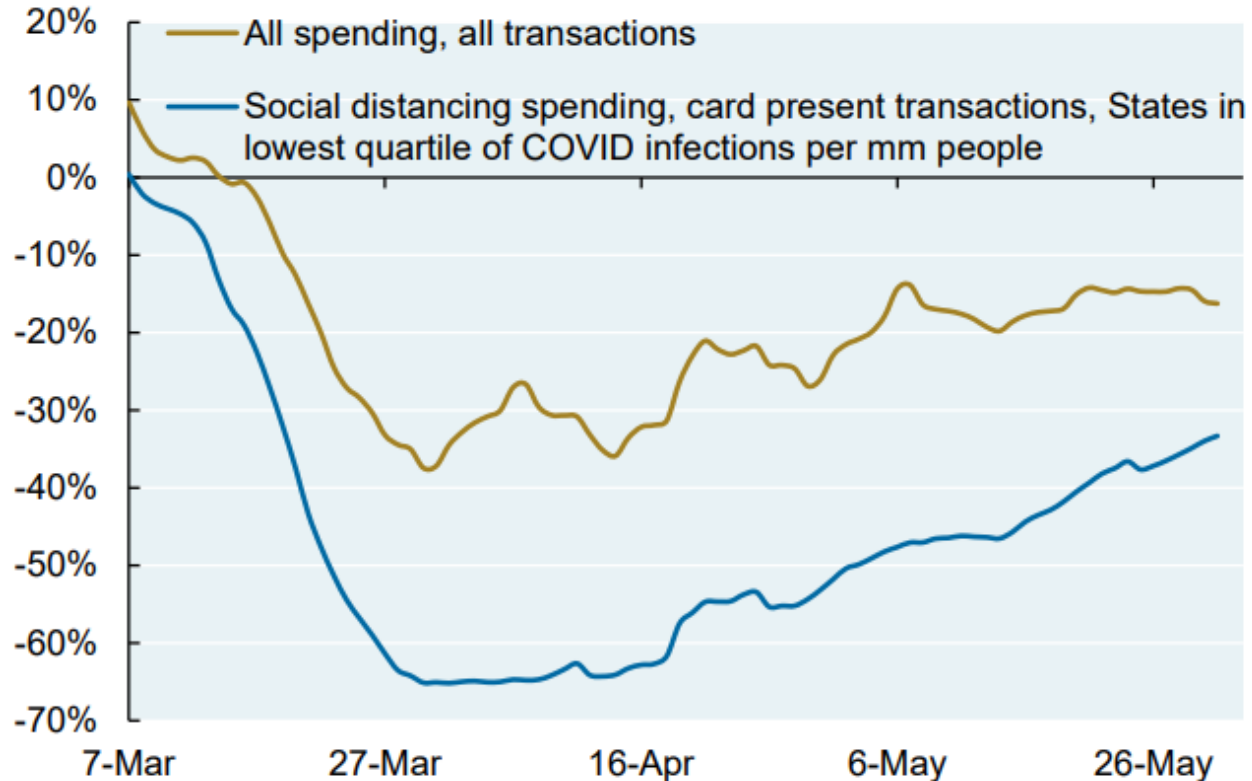
# Cause for Optimism?

- June 5<sup>th</sup> employment  2.5 million
- Auto sales  40% in May
- Mortgage applications  60% in May
- Stay-at-home orders lifting

Sources: bls.gov; J.P. Morgan

# Cause for Optimism?

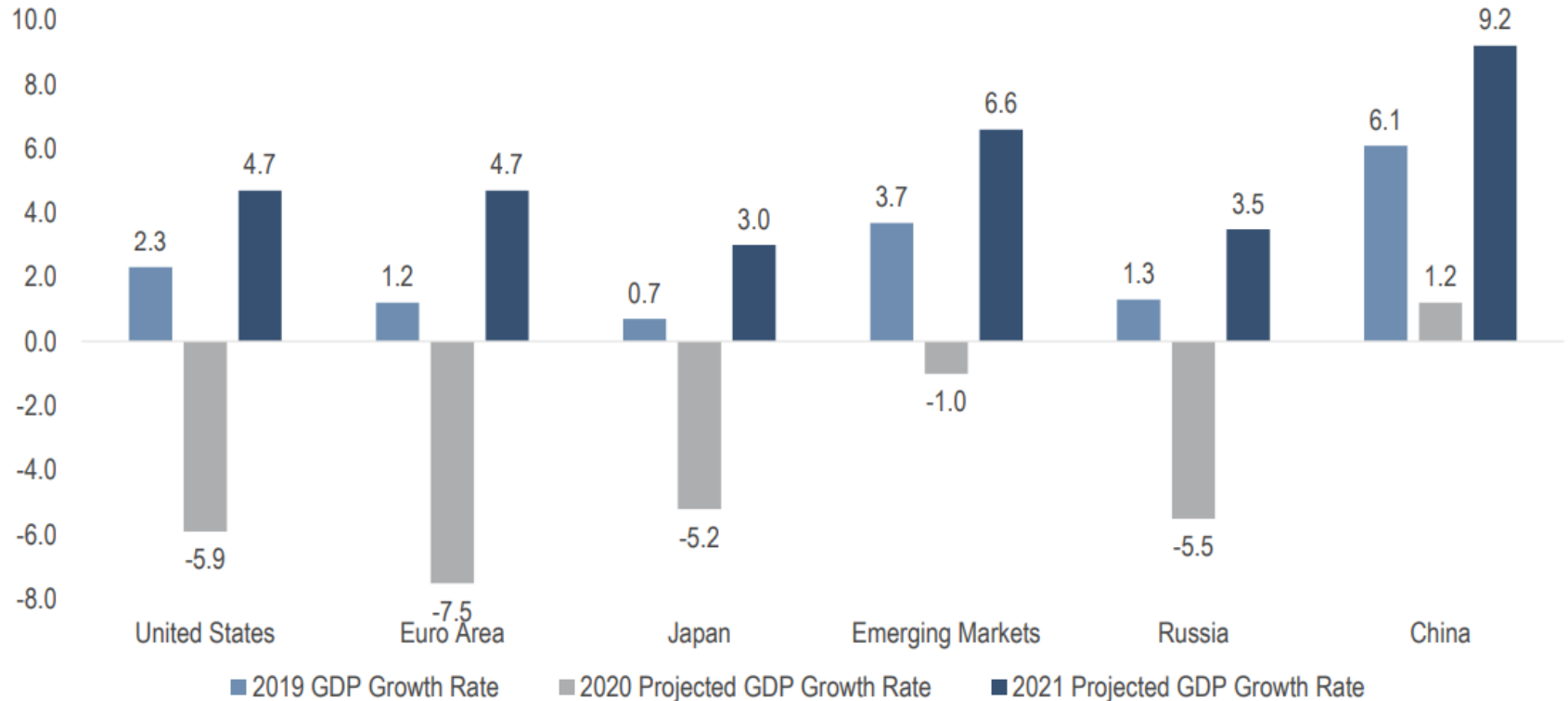
## National credit and debit card spending trends



Source: Internal Chase data, JPMAM. Social distancing: retail, lodging, restaurants, amusement parks, theaters and other recreational services. May 31, 2020.

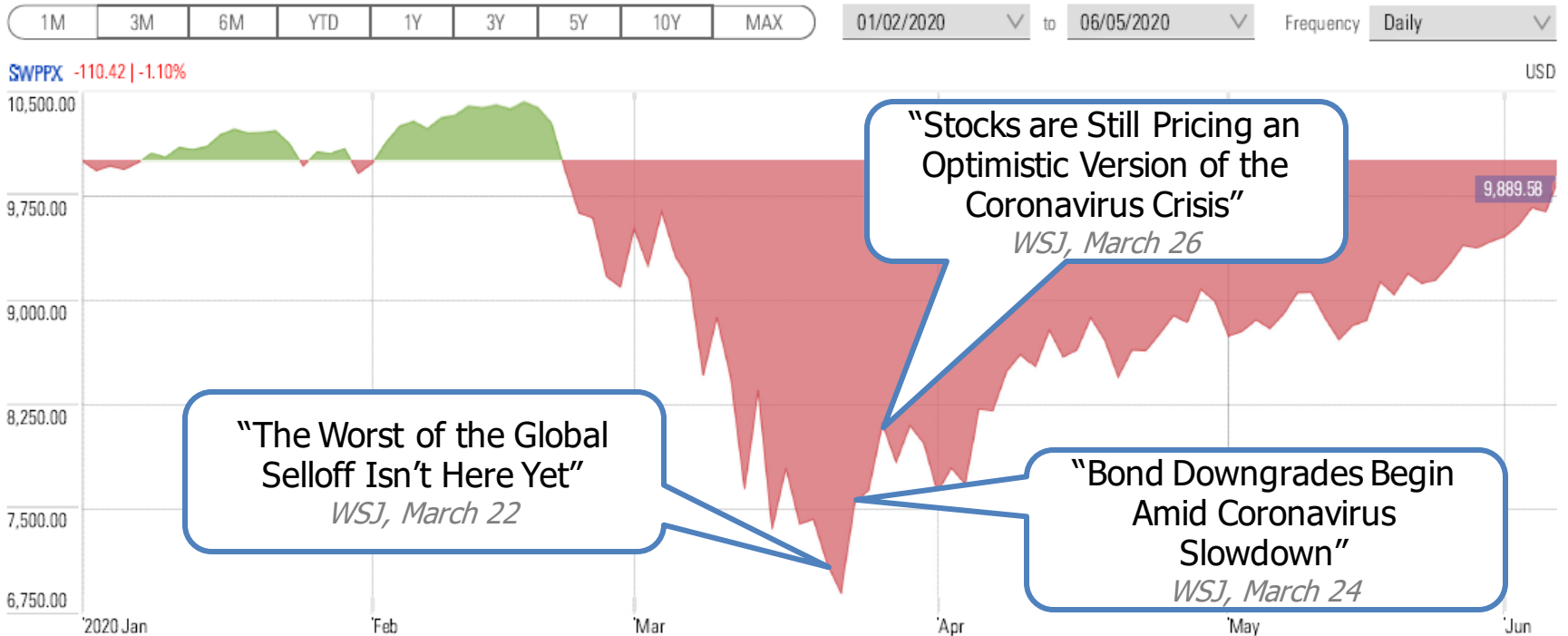
# Cause for Optimism?

Projected GDP Growth Rates (%)



Source: International Monetary Fund; Neuberger Berman. As of April 2020.

# U.S. Stock Market

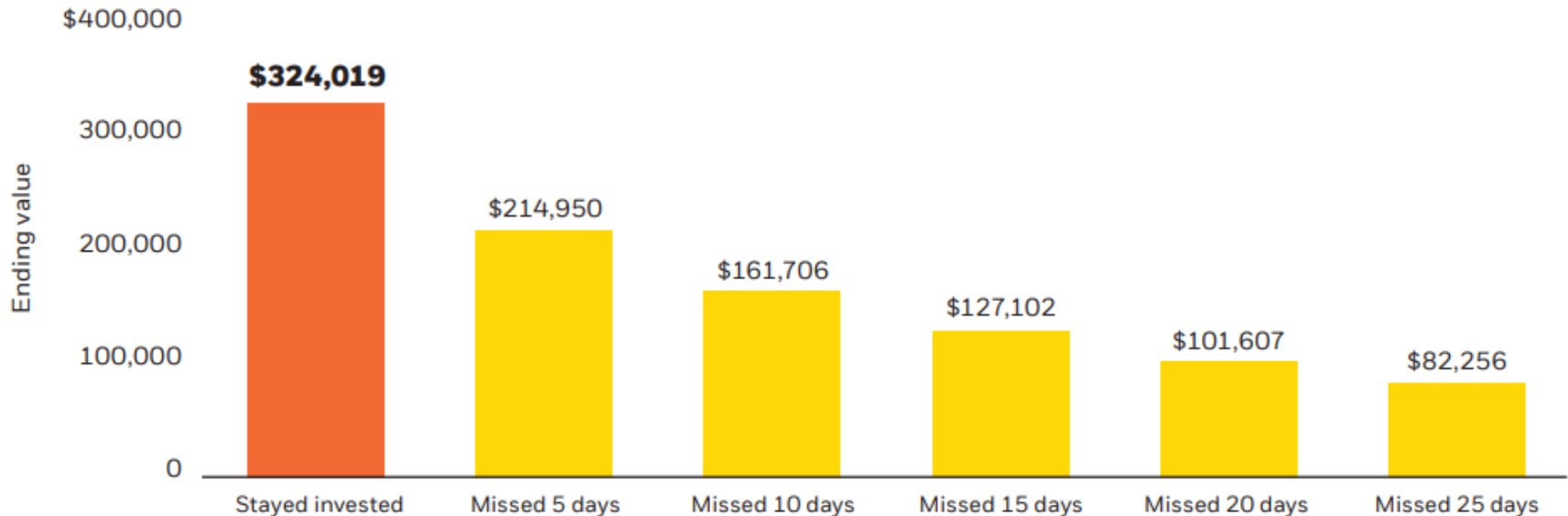


Source: Morningstar

# Timing Markets

## Stay invested: Missing top-performing days can hurt your return

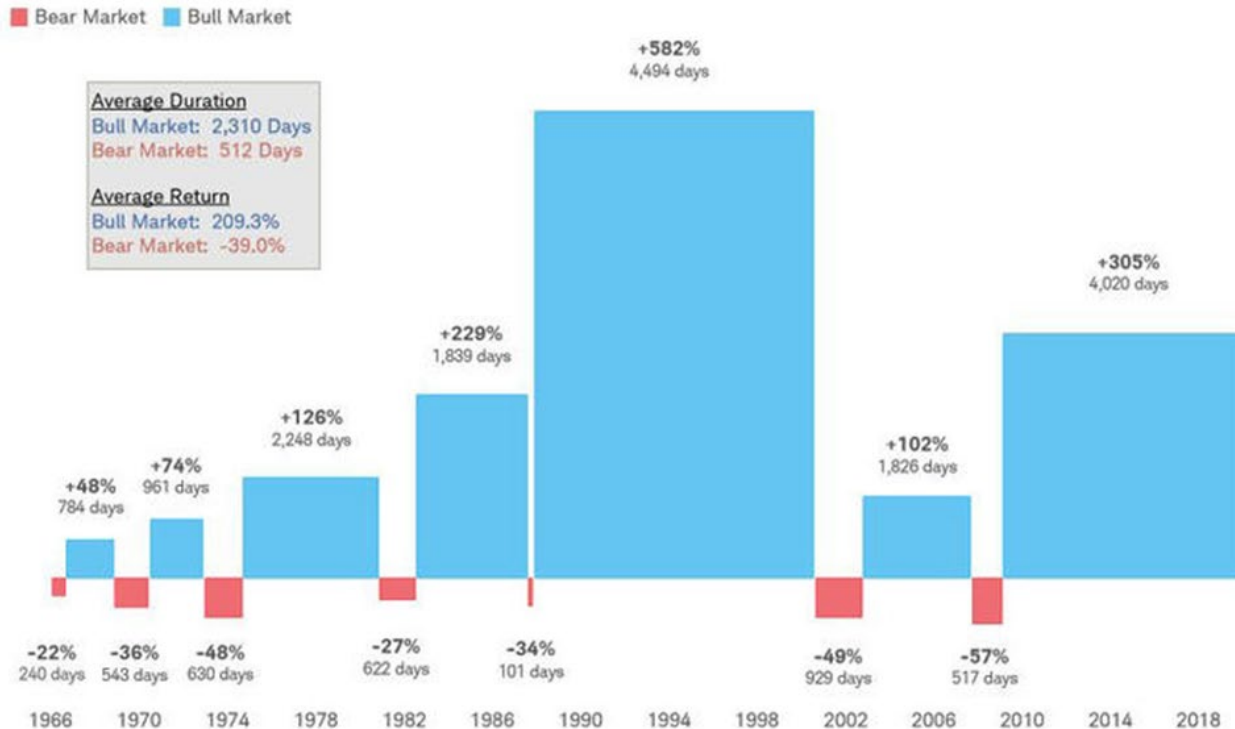
Hypothetical investment of \$100,000 in the S&P 500 index over the last 20 years (2000-2019)



Sources: BlackRock; Bloomberg. Stocks are represented by the S&P 500 Index, an unmanaged index that is generally considered representative of the US stock market. Past performance is no guarantee of future results. It is not possible to invest directly in an index.

# Bulls and Bears

Past bear markets have tended to be shorter than bull markets  
 S&P 500® Peak-to-Trough or Trough-to-Peak Price Returns (2/1/1966-3/11/2020)



Source: Schwab Center for Financial Research with data provided by Bloomberg. The market is represented by daily price returns of the S&P 500® Index. Bear markets are defined as periods with cumulative declines of at least 20% from the previous peak close. Its duration is measured as the number of days from the previous peak close to the lowest close reached after it has fallen at least 20% and includes weekends and holidays. Periods between bear markets are designated as bull markets. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. For additional information, please see Schwab.com/IndexDefinitions. **Past performance does not guarantee future results.**

# What Now?

- Invest for the long-term
- Rebalance based on discipline
- Separate facts from opinions
- Knowing versus guessing
- Be aware that “safety” can be expensive



# Market Insight Call

- Current state of the economy
- Massive federal stimulus and support
- Stock market looks forward
- Pitfalls of market timing
- What now?
- Reach out to us...we're here to serve you

# Thank you for joining us today.

Investment Advisory services offered through Birchwood Financial Partners, Inc., an SEC Registered Investment Advisor. All written content is for information purposes only. It is not intended to provide any tax or legal advice or provide the basis for any financial decisions. Opinions expressed herein are solely those of Birchwood Financial Partners, Inc., and our editorial staff. Any mention of a specific company or market segment are not intended to be a recommendation to buy or sell securities. Material presented is believed to be from reliable sources; however we make no representations as to its accuracy or completeness. All information and ideas should be discussed in details with your individual advisers or qualified professional before making any financial decisions. We are not affiliated with or endorsed by the Social Security Administration or any government agency. The inclusion of any link is not an endorsement of any products or services by Birchwood Financial Partners. All links have been provided as a convenience.