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Celebrating 25

Letter from Dan

Let me open this Letter with some good news! In a conference call yesterday, Brad McMillan, chief economist of our broker dealer Commonwealth, told us that on May 12, active cases of COVID-19 in the US have decreased! Meaning, that for the first time, the number of people actively with the disease is lower than the day before. This is a very important milestone in our battle to control the virus. We do not know what tomorrow will bring, but it is important to level the spread of the disease, to be able to reverse the trend! Slow the spread, gain time to find the vaccine. So, we are into the second stage- the virus is not a surprise anymore and the number of cases are beginning to level out.

Layoffs are slowing down and the Federal stimulus is beginning to take hold. Each state is trying out its own experiment in how quickly and how to go about allowing people to return to regular life. Even in Minnesota, we will find within 2 weeks how the movement of people over Mother’s Day and opening of fishing weekend affects the advance of the virus. The data supports the action of reopening, with caution.

Now to reopen the economy. How fast can it revive? Many people are ready to get back out, but many more are cautious. Online shopping has been convenient, but it is not the experience that we yearn to have in our lives. Shoppers will return, but it will take awhile to get back to normal levels. In the meantime, we will read lots of headlines telling of the toll on people and of businesses that will not reopen. You may choose to wear a mask and some businesses will require one and take your temperature before allowing you to enter. We all know the six-foot social distance rule. We will have some success and some setbacks, but it is important to try and do it in stages.

What does this mean for stocks? It is my belief that the markets will not show much gains or losses over the next couple of months, until we get a feeling of how the reopening is proceeding. Once the numbers show that we are gaining on the virus, stocks will rise, perhaps quickly. (See April market returns) If the COVID-19 returns with a vengeance, we will revisit the March lows and probably more. Do we need to worry? If you are close to or in retirement, your portfolio already has less in the stock market, so it has less risk. If you are younger, you have the time for your portfolio to recover. Patience and persistence is better than fear and anxiety. Please call me if you are concerned over your accounts as we go through the next few months. I am reaching out to many clients as well, just to find out how you are doing. (A different way of taking your temperature!) Our staff is back in the office, but we are not yet bringing clients in for meetings. Instead we are having phone meetings and Zoom video meetings. Times are different, for now.

Take care, stay healthy!

Dan



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