



Letter from Dan

Lots to write about in this Letter! Elections, vaccine, economy- where do I start?

Do you feel any different now that the elections are (almost) behind us? I do- it just seems that the pressure is somehow less. We are still watching to see the result of the Georgia Senate elections, but it looks that Republicans will keep control of the Senate and thus keep us in a split government. It also helps that there is news that a vaccine may be close that is very promising. In the meantime, we are way, way up with new cases and hospitalizations from COVID-19.

Are we facing another extensive business shutdown due to COVID? Not a chance of a national shutdown, at least until the end of January, during the time Trump is still President. States will have the ability to make rules for their own states, but all are very hesitant to shut everything down. Officials are hoping that individuals heed the request for masking and that their pleas to stay at home lower instances of spread. If government shuts down the economy this time, many small businesses will not be able to stay open even with government assistance.

Will Congress pass another stimulus package? Who will it benefit? Again, not a chance until January. Democrats want a bigger package and will wait until the result of Georgia's Senate election to see if they get control. Assuming split government, I think that a compromise will come together, benefitting small businesses and individuals. Perhaps another check cut to everyone. Who knows about support to states. But not as big a package as the first time. Politics are reversed here, as Democrats will want to give a spark to the economy as President Elect Biden takes over. Republicans will hold out for a smaller bill to limit the giveaway. Both parties would support helping distribution of a vaccine.

How will the stock market react? Good question. Stocks have recovered much more quickly in the fall than expected and there is usually a bump up after a Presidential election. A stimulus package would send stocks higher. So would expected news of other vaccines being closer to being ready for use, such as Moderna. But the stock market is not on a direct line upward. Investors are not yet convinced that anything is yet returning to "normal", so expect a volatile ride yet. There could be some selling in December for tax purposes or shutdowns due to COVID. But the political mess of the elections are behind us, so some clarity is here.

How long will it take for a vaccine to be approved? A better question may be: How long will it take a vaccine to make a difference? First, the good news. It should not take as long as in the past to get an effective vaccine. Usually it is more difficult to really test to see if it works as the disease is not as easily found, to place test volunteers in place to test infection. With the pandemic still rampant, it is easy for trials to find hotspots. With government agencies pushing things through, we can expect the first vaccines to be administered in December. There are lists of who will get it initially- health care workers and people on the front lines are first in line. People at higher risk, with heart and lung issues, diabetics, seniors, or people who work with them probably would be next. I heard that it may be first available to the general public in April. The issue is just because there is a vaccine, it takes time to manufacture and distribute it out to be administered. The Pfizer vaccine reportedly needs to be stored at minus 94 degrees Fahrenheit. Corning has a vial that can withstand temps that low and has been ramping up production. But does your local pharmacy have somewhere to keep it? Plus, two shots of Pfizer's vaccine are necessary for full effectiveness, meaning more will have to be manufactured, shipped, stored and administered than meets the eye.

It will probably take until the fall for us to begin to feel that this is starting to be behind us. Officials speculate that herd immunity can be achieved when more than 65% of the general population has antibodies for COVID-19. We are now currently at 15% - 20% at best. Vaccines will be critical to quickly increase the coverage, to stave off the virus. Many are resistant to getting a vaccine, so it will be a challenge for medical and government officials to get enough participation. Distrust, fear and simple lack of civic responsibility in our society will slow the response and in the end may help to allow the virus to continue to dominate our lives. COVID-19 has so far been slow to mutate, which helps. Hopefully we will not be facing another surge a year from now.

How is the economy doing? Surprisingly well! Businesses are adapting to survive and some are really thriving! Why a surprise? The public view of layoffs, closing businesses and general unrest projected by the media makes us think that we must be doing poorly. Looking back, the initial stimulus not only helped consumers save money (to spend later), it helped many small businesses change the way that they generate revenues to be able to hold on. As stay-at-home businesses flourished, online sales also took off. A year ago, a Zoom meeting was something we did not know would be a staple in life. Innovation leads to new growth. It would not surprise me to hear that we are now near the end of the recession, to begin the next move upward. But we must defeat the virus to make any of this possible.

What is our next step? Stay diligent against the virus over the holidays. We have come this far and have a few months to go before letting down our guard. The stock market should hold up, assuming that we stay on plan for the vaccines. See if you can spend some money in your local economies over the holidays if you can. Keep control over where you get your news so you can reduce your stress. Do the things that you can to enjoy life now over the holidays, such as attending a virtual concert online or trying out new things. We know what to do to defeat the virus, but it takes patience and perseverance. Call me if you have questions about how we are working with your portfolios- we are optimistic!

Finally, we spent three days last week attending the Commonwealth National Conference. It was a virtual event this year and was very valuable. We heard from speakers like Colin Powell and Robin Roberts but also Simon Sinek, author of the book "The Infinite Game" and Liz Murray who wrote about her life in "Breaking Night". Inspirational and moving. Speakers talked about how better to communicate with clients during the pandemic and others giving multiple insights of the markets, economy and looks of the future. Commonwealth always gives time to see how they can make life better for clients, advisors and our staff. I am glad that we have their resources and their people to help us to help you.

Thanks for all of your trust and support of us over the past months! Have a Happy Thanksgiving and a great remainder of 2020!

Dan



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