

Covid-19 Update June 11, 2020

Market Update

In a mid-April letter to clients, we used the chart below to talk about how frequently periods of significant volatility actually happen. The chart shows the number of 5% pullbacks experienced each year in the S&P 500 index. As of that mid-April writing, we had experienced nine such pullbacks in 2020 – today we experienced our tenth.

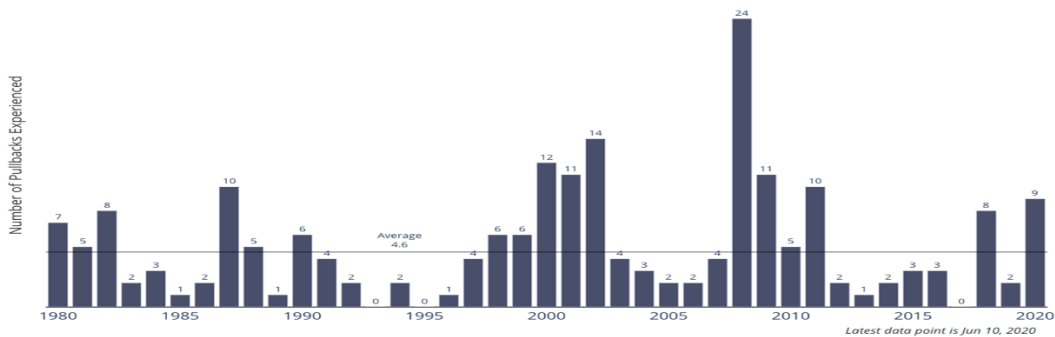
Market and Economic Chartbook | June 11, 2020

LEGACY WEALTH MANAGEMENT

Volatility

Stock Market Pullbacks

The number of 5% S&P 500 pullbacks experienced by investors each year



Source: Clearnomics, Standard & Poor's
© 2020 Clearnomics, Inc.

Fortunately, between the last pullback of 5% and the one that occurred today, markets have come roaring back. From the lows in the markets on March 23 through yesterday (Wednesday, June 10), the S&P 500 index had risen a whopping 43%. The decline and recovery can be seen in the following chart, which helps to put things in a bit of a longer-term perspective (though still not really long-term since this is only a look back to January 2017).

Stock Market Returns in Perspective

S&P 500 Index over different time periods, reindexed



When I started thinking about writing this piece yesterday and had the first chart in mind, I thought it prudent to remind everyone that volatility has not gone away, but only receded amidst the recent run-up in the markets. The market today has reminded everyone of that fact. So, as we stare at our TV or computer screens today that reflect a downturn in the markets, it is also important to remind everyone to take a longer view like the second chart.

In the conclusion of our mid-April letter, we stated that we are seeing progress in the fight against this virus. We were then and continue to see it today. We said there would likely be setbacks along the way, both medically and economically. True again, and this dance of two steps forward and one step back may continue for some time to come. And finally, we said don't hesitate to call us if these setbacks occur and you have questions. That invitation has always been open, and we hope you will take us up on it!

The views of this commentary are not intended to be a forecast of future events, a guarantee of future results, or investment advice. We do not undertake to advise you of any changes in the views expressed herein. Investors should not use this information as the sole basis for investment decisions. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index. Past performance is no guarantee of future results. Any statistics have been obtained from sources believed to be reliable, but the accuracy and completeness of the information cannot be guaranteed.