



The Month in Review

April Takeaways

- *Time for a little “perspective.”* As the pandemic enters another month, so too does the global economic lock-down. We may be safer-at-home, but I am not sure everyone is saner-at-home. We are living through a period where a notable segment of society has been traumatized by the uncertainty surrounding the virus. At the other end of the spectrum, people are setting their hair on fire over what is happening on the economic front.
- *For the rest of us (hoping this includes you!),* we just have to find a balance with impatience in hope of not becoming in-patients. Public health officials around the world are doing their best to get a handle on the spread of COVID-19. A thankless job so far. It appears that enough progress is being made on the research front that some countries globally and many states here at home *are beginning to emerge from lockdown...*
- On the investment front, April saw the largest percentage advance in equity prices since 1974. In late March, I started testing *a new model* that potentially points to a market bottom. *It said the market bottomed on March 24th.* So far so good... *Many of the technical indicators I follow turned bullish in April* and this let us do some new buying and re-balancing. For the time being, there is more room to recover lost ground.
- *That does not mean we are in the clear.* We have yet to see the fall-out from the economic collapse. Unemployment data is off the charts, although I am guessing that data might improve as more states re-open for business. The things I focus most of my attention on when analyzing the markets and economy *are earnings and earnings growth. Both are negative in the short-term. GDP also just took a sock in the eye;* and so we are back on heightened alert for recession.
- Speaking of which, we re-calibrated the Recession Predictor, *giving the model a slight tweak.* By putting a little “air” in its tires, the predictor will hopefully be more robust moving forward. Please click on the [Recession Predictor](#) chart to see the update.
- *A final thought on “perspective.”* COVID-19 hot spots continue in heavily populated urban settings, but there are huge portions of states with relatively few cases. Would it be reasonable to re-open those areas for business while pursuing a continued cautious approach where the virus is still “hot”? *Just a thought...*

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