

## Opportunity Index Ramping Up



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So I said in January this was going to be a boring year...So much for that prognostication!  
 Are you bored yet in your voluntary house arrest?

Jennifer and I have started our 2+ week voluntary lock-down. For me it has been very busy, and not for the reasons you might first assume. Assumption #1 is, "You must be inundated with calls from your clients?". Not really as many of you have been through real recessions and see this for what it is at this stage, a correction. Also, the majority of you experienced us sell off some strategic positions and profits since August of last year, increasing our cash on hand.

### Opportunity Hunting

My daily process is looking at the core positions that make up my "go list of companies" and how they are being priced in the marketplace. For the opportunity available to us is the acquisition of a great company put on the fire sale list. You have already heard from me on the start of adding a small position this week.

I anticipate this will continue over the coming weeks and perhaps months.

The second quarter is where we will see the statistics to confirm the dramatic negative economic impact. These are statistics of confirmation. Stock exchanges are leading indicators, so they will move higher before these hard statistics are provided. We cannot wait to deploy at that stage; thus I review daily the opportunity to add incrementally in advance. So just like we raised cash in advance of a decline, I must still act early, for I cannot be late. It is fools game trying to "catch" the bottom.

As of 2020-03-19 the S&P 500 is pricing in a -50% to -80% decline in corporate profits. This is dramatic disassociation from what will truly happen over the next 6 to 9 months. Yes businesses, like all individuals, will experience different levels of hardship, but 80% decline in profits is far beyond reality. Thus, you can see, I have a busy time ahead of me analyzing this daily. Clients be prepared to see communications from me on these opportunities. I cannot tell you when, however I do see this happening in days, weeks and months ahead. Stay well.

### A Talking Heads Comments

Brian Wesbury, Chief Economist at First Trust (ETF Provider), is a valued talking head. There are far too many that are not, however I do feel his comments (even though long) provide commentary around valid economic values over the next 9 to 18 months. If you care to not watch it all, the first couple minutes up to 10 minutes to go are valid. As are his comments around South Korea with about 8:20 to go. Further the final 2:12 minutes are worth viewing to the end.

<https://www.firsttrust.ca/Commentary/EconomicResearch/2020/3/17/coronavirus-contraction>

Let me know what you think.

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