

August 21, 2020

323 WEEKLY UPDATE

The Weekly Newsletter of 323 Wealth Management LLC

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ECONOMIC SUMMARY

Story by Greg Wilson, CFA, CFP, MBA

Economic activity appears to be rebounding or at least showing stability. This appears to be driven largely by a tremendous attempt to stabilize the entire economic system with historically unprecedented monetary and fiscal stimulus. This has given investors and companies the optimism to continue operating in a manner that appears closer to normal than what we would expect during a pandemic with broad and rolling economic lock downs.

The charts on the next page will help illustrate the strength and resiliency of the housing market.





MARKET SUMMARY

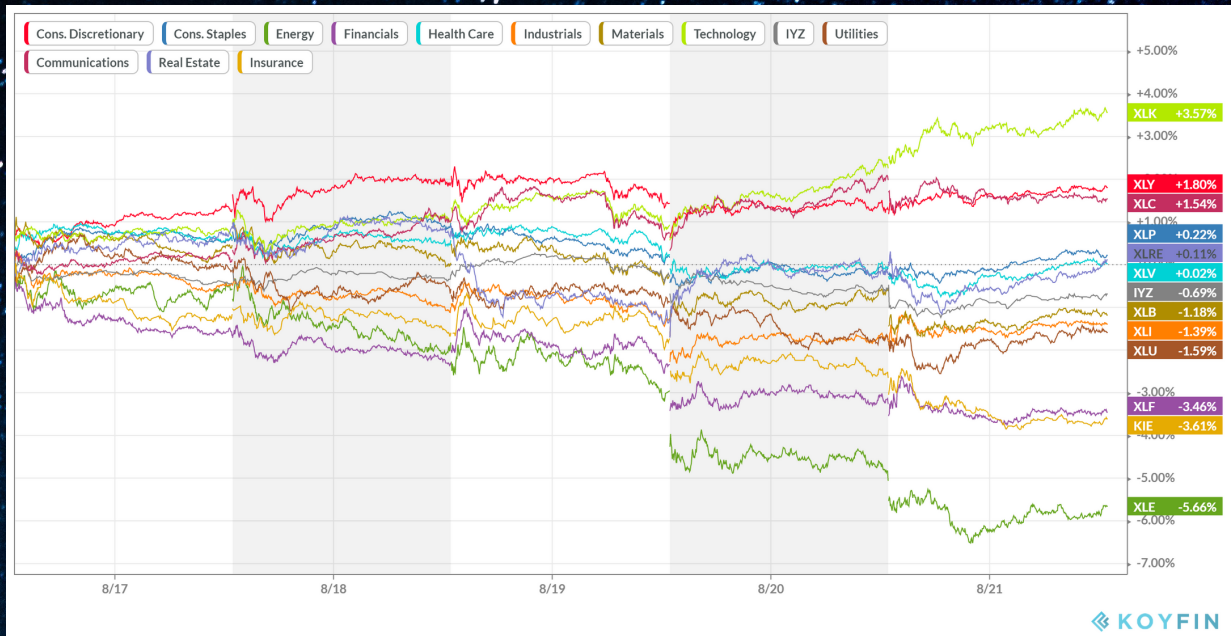
Technology is back in the driver's seat!

The U.S. stock market was mostly positive this week. Technology led the way, while Energy struggled. The market bifurcation between growth/momentum and value/cyclicals continues to be a factor. It could be argued that the market is trying to predict the runaway for the pandemic and then ascertain whether technology companies will continue to be the benefactor or if more consumer oriented companies will take the forefront. The major difficulty with that position is that not much has changed over the past few weeks in terms of the pandemic. Thus, it seems difficult to explain the market behavior in this way. A simple explanation is that it is driven by trading volatility within momentum strategies. While this is difficult to prove, it seems more likely.


When financial markets are not driven by fundamentals (i.e. - revenues, earnings, market share, etc.), but rather by monetary and fiscal stimulus, it is difficult to find the pattern in the chaos. If you take a few steps back and realize that there are two extremely accommodative forces at work (fiscal and monetary stimulus), then the major theme should be easy to determine. I am often reminded of the phrase, "A rising tide lifts all boats.". Of course, the same could be said when the tide goes out, but policymakers have shown no signs of letting off the gas. Although, we will have to see what Congress has in store for their next round of stimulus negotiations.

The charts on the next page highlight the weekly trends.

Understanding the markets can help us build a better plan for our financial futures AND sleep easier at night.



Source: Koyfin, <https://www.koyfin.com/home>



CORONAVIRUS

CORONAVIRUS UPDATE

What does a second wave look like?

It continues to appear that many of the states that have experienced what we are calling a second geographical wave have either plateaued or are on the decline, for now.

There is news of vaccine advancements, but nothing definitive and trials are still proceeding. Most sources are indicating a vaccine should be ready sometime next year and companies are preparing to mass produce and distribute the vaccine once it is ready and approved.

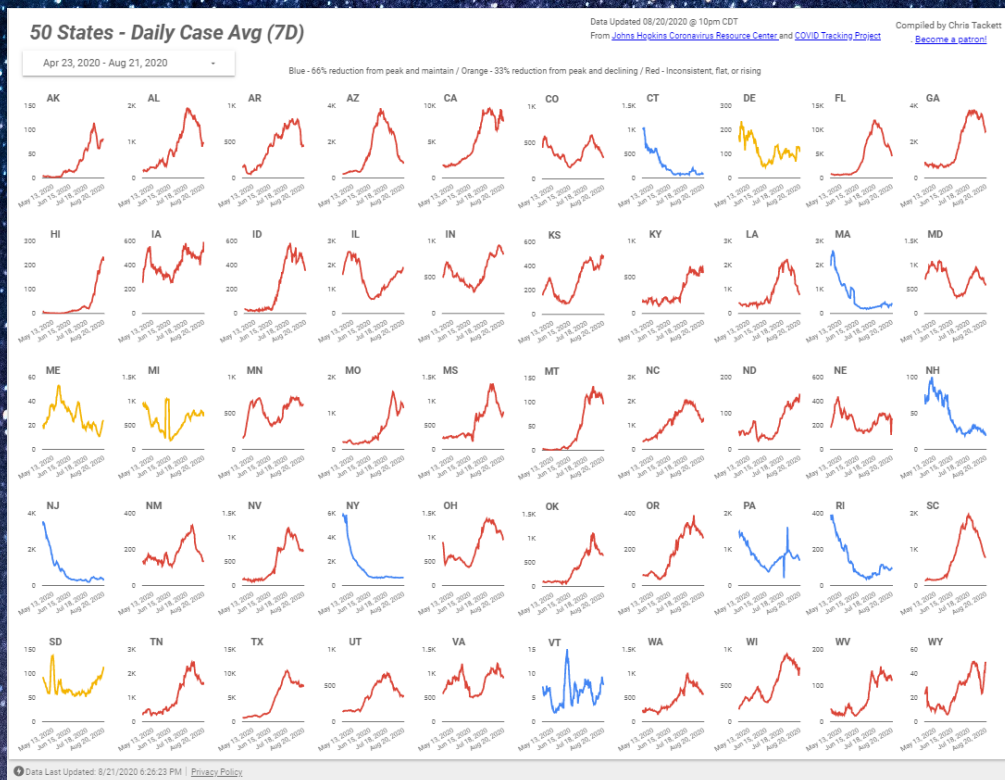
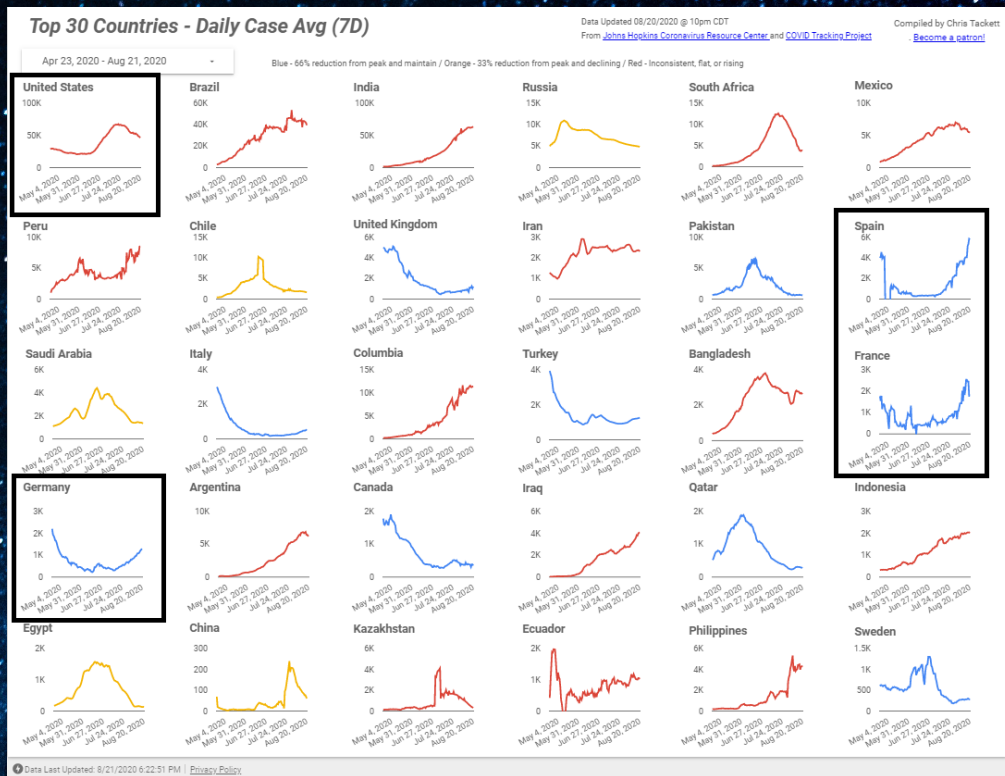
Treatments seem to be getting better as more information is gathered about how the virus attacks the body. So far, in the U.S., areas that were hit the hardest early on are not showing much signs of flareups.

Case loads in some European countries are flaring up, albeit at reduced levels. Case loads in the U.S. appear to be retreating. While this is good news, this type of virus can spread on an exponential scale in a short period of time, so we will need to see a sustained trend to be more confident that the situation is truly getting better.

Until then, please continue to stay safe and take the necessary precautions during this difficult time.

The following page has charts summarizing the Global country and U.S. states' data.

Keeping up to date on the pandemic will hopefully help you plan your finances as well as your life.



Source:

<https://datastudio.google.com/u/0/reporting/c8a0edc3-2d74-4d85-9b7a-5ab335eb76b6/page/1XLJB>



FINANCIAL PLANNING UPDATE

Do you itemize or take the standard deduction on your taxes?

Do you take the same approach every year?

Tax planning should be a multi-year process. Take a look at the link below to see possible ways to itemize even when you normally take the standard deduction.

<https://abm.emaplan.com/ABM/MediaServe/MediaLink?token=a8a9c640e9504c5cb6bf6eb2e4995304>

Remember, we work with professionals like CPAs and Attorneys, so if you need some additional help in those areas and would like an introduction, please let us know.

Financial planning is an ongoing process that evolves with your life's changing circumstances.

CONCLUSION

More of the same?...

I am starting to sound like a broken record. The economy continues to rebound with unprecedented monetary and fiscal stimulus. The stock market continues to rebound at an even faster pace than the economy or corporate earnings. This should not come as a surprise as investors typically are forward looking and pandemics have always had an endpoint.

If you would like more details regarding the market, the economy, or Coronavirus, please see the detailed email update.

If you have questions and/or concerns, please give us a call. We are here to help. If this update has been forwarded to you and you would like to be included on future emails, please subscribe at our website at www.323wm.com.

Thank you very much for your time.

DISCLOSURES

Note:

The graphs and charts in this email were gathered from Koyfin, FactSet, and a Covid tracker (<https://datastudio.google.com/u/0/reporting/c8a0edc3-2d74-4d85-9b7a-5ab335eb76b6/page/1XLJB>)

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