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### Covid Economy/Covid Market

#### Global Markets and Regions

	2nd QTR	2020 YTD
US	9.50%	6.80%
Developed Europe	4.50%	-8.80%
Asia	9.20%	-3.30%
Emerging Markets	9.60%	-1.20%

#### US Markets

	2nd QTR	2020 YTD
Dow 30	8.20%	-0.90%
Large Cap Cos.	9.49%	5.32%
Mid. Cap Cos.	5.11%	-8.87%
Small Cap Cos.	3.55%	-15.32%
Bonds	0.47%	6.22%

Donald Trump is sick. For some that may be more than a health diagnosis. Trump coming down with Covid makes clear how dominate this Pandemic is and has been regarding our economic and financial fortunes. Other world leaders have been stricken, such as the United Kingdom's Prime Minister Boris Johnson and Brazil's President Jair Bolsonaro. The leader of the world's dominant economy contracting Covid is a major issue.

Covid is the sledgehammer that has smashed the global economy and the stock market. Apart from the human death and destruction wrought by the disease, the economic consequences have been at least as damaging to both health and wealth.

The epic response of lockdowns and the counter vailing stimulus and a "space race" medical and scientific response to develop treatments and vaccines have shown that the world is profoundly resilient. This isn't the end of the world. More cases are "bad", but less hospitalizations and lower death rates are "good". Like past pandemics, this one too will eventually be conquered and fade away.

For investors it is important to recognize and adapt. The economy has experienced the most amazing V-shaped recovery, but we are still a long way from where we were pre-Covid. Gross Domestic Product has rebounded. Employment losses have been almost cut in half. Consumer spending has held up. There is a housing boom going on.

Stimulus in the form of direct payments to individuals and businesses has been essential to the recovery. The Federal Reserve and global national Central Banks backstopping the banking systems and markets around the world have prevented a repeat of the financial crisis of the Great Recession. The reality is that a full economic recovery is still years away. Stimulus and fiscal support can only accomplish so much. A full recovery will require a full reopening.

Certain sectors of the economy have actually prospered during the Pandemic. Big technology has been the most obvious beneficiary. Healthcare and bio-technology have also benefitted as have certain segments of consumer oriented retail. The NASDAQ, being the index of Big Technology, was the first broad market index to fully recover its price declines and has pushed on to significant new highs.

The other indices, such as the S&P 500, Dow 30 and Small and Midcap indices more representative of the basic economy, have lagged behind. Only a full reopening, particularly of the service economy, will get the economy back to its long term growth trend; think restaurants, travel and leisure. Keeping California and New York closed delays a full recovery.

Expect more volatility as we enter the fourth quarter. Predicting the evolution of the Pandemic, how, ever much we would like the fade to move faster, is very difficult. Oh, and in case you forgot, we have an election coming up in a few weeks. This election seems to be causing quite a bit of consternation. Market analysts are a little more sanguine about the economic and fiscal policy consequences of the election. The policy prescriptions of both of both parties appear to be quite divergent. There will be “winners” and “losers” from both sets of policy plans. But if the first half of 2020 has been an indication of how America responds to crisis, we are very resilient and will continue to be.