

Financial Wanderings

April 2020

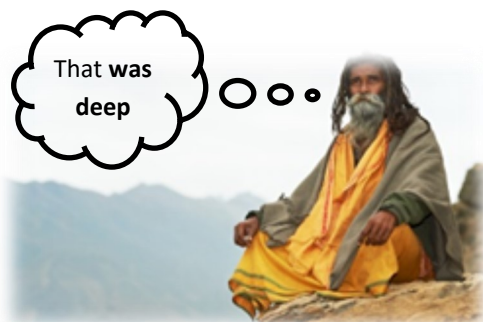
A masterful examination of the previous month's financial events, written by Brad Blackburn, CFP®
(and made even awesomer by Andrea Dickerson)



The stock market bounces back (a little bit)

This is a strange time to write about the stock market and the economy. The only story in the world that matters right now is a medical crisis with life and death ramifications. But, I'm not qualified to talk about the Coronavirus in any way, except for the implications to the stock market and the economy. So, with deep respect to the humanity of the situation, here goes:

After one of the steepest dives ever, the stock market finally bounced back a little bit. However, the S&P 500 is still down more than 25%, and the Coronavirus is far from history. Even when it finally is history, the global economy will never be the same. That presents both risks and opportunities to investors... and to mankind.

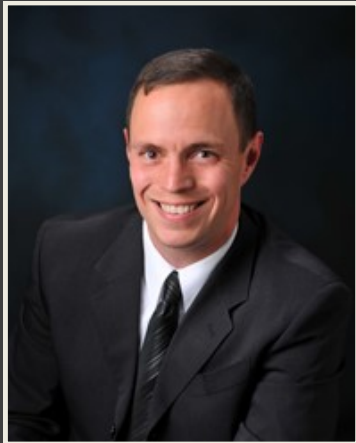


The initial “Coronavirus Stimulus Package” was the spark that helped the stock market calm down. If there was ever a time for a massive, but temporary, government stimulus – this is it. I was surprised and impressed at the comprehensiveness of the package. Much of what Congress put together actually made sense.



Between direct payments to families, beefed-up unemployment insurance, and cheap (and sometimes forgivable) loans for businesses, that should fill enough gaps to keep the economy afloat for a few months. I sincerely hope that buys us enough time to improve our testing, treatments, ventilators, and everything else we need to manage a “steeper

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Although the commentary in this newsletter has been thoroughly researched, well-reasoned and contains many impressive multi-syllabled words, please enjoy it responsibly. There are many economic minds that are far smarter than mine—and even they can't agree on even the simplest economic questions. In other words, please enjoy this newsletter with the full understanding that it may be entirely wrong.

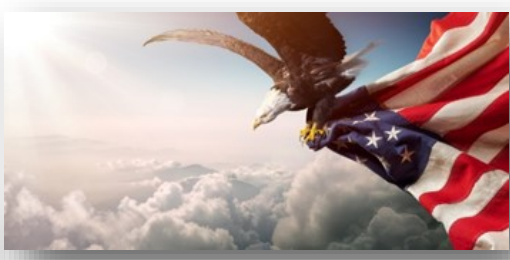
curve.” We can’t hold the virus off indefinitely, and we also can’t keep showering the country with money indefinitely.

Of course, while massive government spending may save us now, it could also cause significant problems in the future. As a side note, this crisis sure makes me wish we hadn’t been going trillions of dollars deeper into debt every year over the last decade during the longest economic expansion in history...

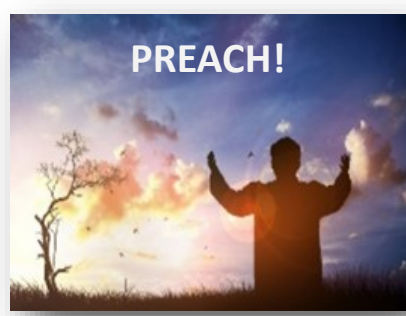
-term damage, the rest of the world might not be so fortunate. Not only is America the richest country in the world, but the dollar is also the reserve currency of the world, which gives us the luxury to print money like no other country on earth.



same. Global supply lines will never be the same. In addition, it’s likely that higher taxes are coming.



Further, I think we can expect major changes in our medical system. A profitable hospital can't have dozens of beds, nurses, doctors, and ventilators just waiting around for a disaster. However, a successful society can't NOT have those things. We're going to have to bridge that gap – and it won't be easy.



But we can’t afford to be stingy now, and hopefully by throwing trillions of dollars at this, we can manage to limp through without too much long-term damage. On the bright side, once we begin to put the Coronavirus behind us, the stage is set for a short-term economic boom. There will be months of pent-up demand from consumers who’ve been stuck at home. In addition to that, there’s trillions of dollars in government spending, record low interest rates, and the cheapest gas in decades – it will be a great time to spend.

Very few other countries have the resources to fight this virus as aggressively as we do. Even worse, in many places across the globe, fewer people have the resources to “socially distance” for weeks or months on end. That could make containment much more difficult.

If the Coronavirus ravages the global economy, America will not come away unscathed. In the same way that the rest of the world recovered far less quickly than America after the financial crisis in 2008, the global economy could be a drag on the American economy for years to come.

To that end, I hope we can come together over this. It’s more clear than ever that politics and a functional government are not a game; there are real life consequences. Also, I miss my friends, even the ones who are completely wrong. So, some good may come of this. I’m almost sure of it.

Even if America does make it through all this without any long

That may not be the only long-term consequence of all this. Huge swaths of the global economic system will never be the



Probably a mountain or a lake

Before the “stay-at-home” order, my family was able to get away for some wildlife viewing. These sightings were all within 24 hours of each other.



Snow Geese on Potholes Reservoir



Our local moose at the Horan Preserve in Wenatchee

A cute, snuggly little porcupine on the side of the road



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