

## Market Commentary

As the world turns and the new COVID normal dictates our lives, we hope everyone is healthy and making the best of their current environment. As we wind down this socially-distanced summer and look towards the fall, the economy, markets, school, and upcoming election are all top of mind. Positive vaccine & therapeutic news is reason for optimism. However, the U.S. is still fighting an uphill battle with new infections preventing a full scale back to normal approach. There are green shoots of promise in recent economic data and it appears the worst is behind us, but caution remains as the unknown still presents a formidable challenge ahead.

### Corporate Earnings & Rising Economic Data

We are fully ensconced in 2nd quarter corporate earnings and the numbers have been surprising on the upside. Big tech and the stay-at-home stocks lead the way with stellar earnings during the muted 2nd quarter. Although most analyst estimates were drastically cut when companies withdrew guidance, Apple, Amazon, Facebook and others recorded record earnings which helped push the NASDAQ to all-time highs. Travel & Leisure remains in the doldrums and is not anticipated to pick up in the U.S. until we get an approved vaccine or therapeutic, but this will come and the companies that survive will thrive again in the future.

The economic data tells a twisted tale, but remember data tells us where we have been and only helps to shine a light on where we are going. 2nd quarter GDP was horrendous, to say the least, hitting a record low (-32.9%). This was expected but vividly demonstrates how troublesome the shutdown was and is for our economy.

Unemployment is still high with continuing claims hovering around 1.4 million, but expectations are for overall declining numbers as we get further into the recovery. Consumer confidence, housing data, ISM manufacturing and non-manufacturing, as well as consumption data all rose last month, signaling continued recovery as states re-open and employees return to work. The Fed has stated they are not entertaining raising interest rates until mid-2022, at the earliest, as money is cheap and free flowing to aid the recovery. Inflation is tame at the moment, but it seems reasonable it will come into play at some point in the future as M2 money supply grows at record levels.

### Government Aid & the Upcoming Election

It's not clear when the virus will fully release its grip on the global economy and the "old way of life" will return, if ever. However, it is clear we will deal with pockets of the virus without fully closing the economy again which sets a floor for diminished GDP. Government assistance was enormous and really helped keep individuals and business afloat up to this point, but additional assistance is required until this is behind us. We are confident there will be some form of another stimulus package, which will address unemployment benefits, school funding, testing, and local government funding for struggling states. The aid is needed but only adds to our growing debt, which we will have to deal with at some point.

From purely a logic standpoint, it would seem an increase in tax rates is inevitable in order to pay down the ever expanding national debt. This will surely be one of the topics debated as we move closer to the November election. Expectation are it will be a bumpy ride from now until and Election Day but attempting to time the markets in anticipation of a presidential winner will be as difficult as it has been the previous months. There are arguments on both sides that claim the economy and markets will do better or worse if Trump or Biden is President. Regardless of who wins, the next four years will be different than the previous four and the country will face a long road to recovery. We look forward to the recovery and believe our best days are ahead.

Stay safe, and enjoy the rest of your summer!

As always, if you have any questions or would like to discuss your accounts or financial situation further, please call your advisor directly or email us at [clientservices@benchmarkfinancial.info](mailto:clientservices@benchmarkfinancial.info). Please visit our website at [www.benchmarkfinancial.info](http://www.benchmarkfinancial.info) for more information on our planning services.

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