



CONWAY • JARVIS LLC

Investment Outlook

Volume 30 Issue 1.4

April 3, 2020

Update

The markets have spent the past several weeks making history. After hitting a record high on Feb 19, the S&P 500 closed 34% lower on March 23rd. Following that initial, dramatic selloff, we entered the relief rally phase of last week where panic subsided and volatility abated. This past week, the narrative surrounding the transmission of the virus was joined in the headlines by that of the first economic data flowing from the COVID-19 event. Predictably, it points to the worst case outcomes with regard to recession and unemployment.

This week we closed lower in 3 of the 5 sessions, ending a few percentage points lower on the week. That left the S&P off 27% from the high, 23% for the year to date. We anticipate more of the same next week. It appears likely we have now completed the phase 2 Relief rally we referred to in last week's update and have entered phase 3. Having established the panic/forced selling low set on 3/23, and the Relief rally high of 3/26, we believe the stock market will oscillate within this range as it digests news concerning the virus, the effectiveness of leadership responses and the economic impact. As we drift to the lower portion of this range we will be making slight changes to our equities to upgrade quality for the recovery and take advantage of tax losses where appropriate.

Prepare mentally for more price gyrations and lower prices. However, we are starting to see some positive signs that the market is trying to stabilize. Volatility has started to recede and we are seeing a divergence in performance among sectors and individual stocks. These are signs that the lows may have been established, of course barring any significant change in the expectation of the "flattening" of the virus curve. If you are in need of specifics, we can make phone appointments to discuss.

Have a good weekend and stay healthy!

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