



# Flash Market Commentary

At this point, it goes without saying that these are truly unprecedented times as many have taken to working remotely, including at home, due to the need of "social distancing." We have seen one of the fastest corrections in market history:

- The Federal Reserve cut interest rates by 1.50% in less than a month.
- The U.S. government is discussing over \$1 trillion in fiscal programs to help the economy and the consumer, including direct payments to most individuals.
- The federal government is contemplating the unique steps of corporate bond purchases.
- The federal government is taking equity stakes in companies that are part of particularly impacted industries.

Countries across the globe are looking at similar moves.

Despite all of this, the market is now off approximately 30% from its February high and appears to be pricing in a recession. With all the monetary and fiscal levers in action, or soon to be, the market is currently focused primarily on gaining clarity surrounding the coronavirus, especially new case growth. On the positive side, China and South Korea have both seemingly seen the coronavirus peak. China had 58,000 active cases on 2/16 which has since fallen to about 7,000. South Korea had around 8,000 cases, where they have been holding fairly steady the past several days. Keep in mind that these numbers are relative to populations of 1.4 billion and 51 million, respectively. This took about three to four weeks from when they truly closed down their countries and focused on testing and isolating patients.

While shutting down churches, businesses, schools, sporting events, etc. is painful in many ways, we are hopeful this will allow us to get through the spread of the coronavirus somewhat quickly in the United States as well. We are also hopeful that the U.S. is now on the same three to four week peaking trajectory path that we have seen in China and South Korea, allowing a return to a much more normal environment within a few months. Time will tell.

It is often beneficial during situations like this to take a look at the history books. There have been eight market corrections (now nine) since 1926 greater than 20%. Four of those bottomed out at -30% or less, which is where we basically sit today. Three of these four corrections lasted three to six months. While it seems like an eternity, we are a little over one month into this. Again, we think we probably have at least another month or two of volatility in front of us until we see the virus peak in the U.S. This is where we think the market should find a bottom. In the meantime, we are looking for opportunities within portfolios, including taking advantage of tax loss harvesting to help lower our clients' tax bills.

For additional historical perspective, the following chart shows the 20%+ corrections in the market (This is through the end of 2019. Again, we are -30% from the highs today.):

S&P 500 Index total returns in USD, January 1926–December 2019  
Using a 20% threshold for downturns

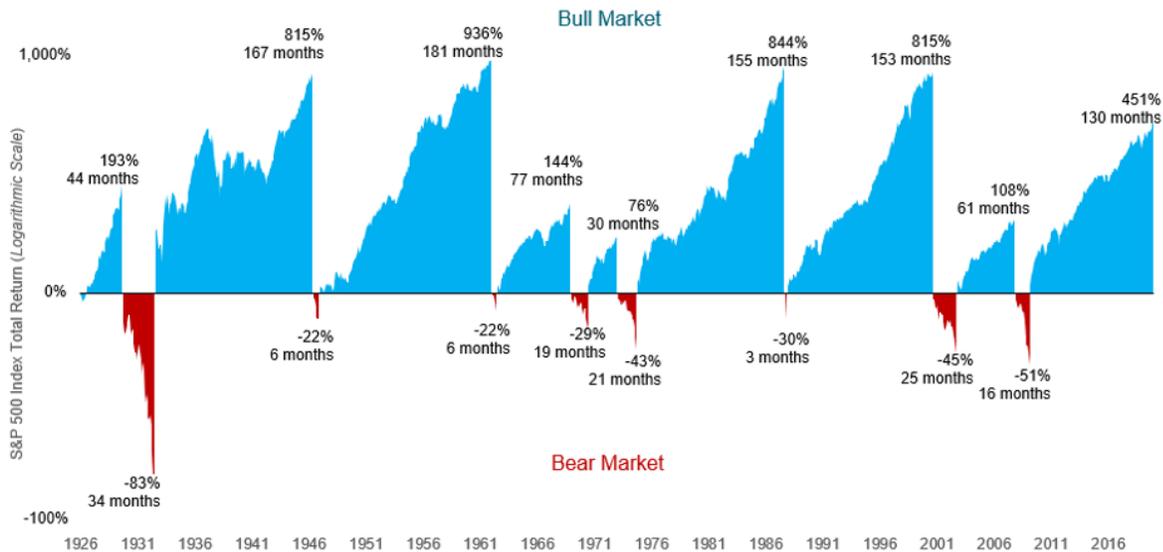


Chart end date is 12/31/2019, the last trough to peak return of 451% represents the return through December 2019. Bear markets are defined as downturns of 20% of greater from new index highs. Bull markets are subsequent rises following the bear market trough through the next new market high. The chart shows bear markets and bull markets, the number of months they lasted and the associated cumulative performance for each market period. Results for different time periods could differ from the results shown. Past performance is no guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. Source: S&P data © 2020 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

During times like this, it may be beneficial to have a long-term financial plan to lean upon. Please speak to your Trust Administrator or Portfolio Manager if you would like to engage in such a process with our own CERTIFIED FINANCIAL PLANNER™ professional, especially if you have not done so previously.

We, at Tower Wealth Managers/Country Club Trust Company, are here to serve you. While our office remains open, we are following the recommendations of national and local health and government agencies. We have incorporated a variety of policies in this regard, including “social distancing” as mentioned above. We have ensured the strength and capacity of our technology infrastructure and want to assure you we are fully prepared to provide the level of service you have come to expect and deserve.

We know you have many choices for your investment management, trust and financial planning needs. We are honored you choose us and will always seek to provide the best and most personal service possible. We appreciate your understanding and assistance as together, we seek best practices in caring for each other, for our city and our country. Our great community has faced challenges in the past and we are confident that together we will get through this.

Please do not hesitate to contact us with any questions or concerns.



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