



**Courier Capital, LLC**  
Registered Investment Adviser  
An affiliate of Five Star Bank

## INVESTMENT COUNSEL

# Market Review & Update

SPRING 2020

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The Federal Reserve (Fed) along with the administration and Congress took unprecedented actions this past week to help individuals, businesses, and the economy cope with the effects of the government measures designed to help stem the spread of COVID-19. The record \$2 trillion Coronavirus Aid, Relief and Economic Security (CARES) Act stimulus bill provides direct payments to individuals along with expanded unemployment insurance benefits. The bill has a variety of business tax provisions including a 50% refundable payroll tax credit on wages paid during the crisis and a delay on employer-side Social Security payroll tax payments along with an emergency lending facility known as the Exchange Stabilization Fund (ESF) to help businesses maintain payroll numbers. The ESF does come with requirements that businesses cannot engage in stock buybacks for the duration of the loan plus one year and must retain at least 90% of its employment level as of March 24, 2020. Some of these provisions may help temper the ultimate unemployment figures down the road.

The Fed announced it will purchase Treasury securities and agency mortgage-backed securities in the amounts needed to support the smooth market functioning of monetary policy and the economy. It will also provide other facilities to support the corporate and municipal bond markets. The coordination of these moves with the fiscal stimulus is designed to provide important cash flows to individuals and businesses, as well as the continued extension of credit where needed.

Along with the US actions, governments and central banks around the globe have also implemented fiscal and monetary programs to support their economies. With governments assisting individuals and businesses with direct cash payments while central banks maintain liquidity and keep interest rates low, the goal is to provide a bridge through this economic slowdown so we come out on the other side of this as economically strong as possible.

Part of the CARES Act also includes a provision that may be of interest to our retired clients. The act suspends the required minimum distribution (RMD) rules for the calendar year 2020. If you do not need to take the full amount of your RMD, then you may be able to lower your tax bill by reducing the amount you are withdrawing from your retirement account. This waiver includes beneficiary IRA RMD payments as well. If you already took your RMD and do not need it, you have up to 60 days to return a distribution to an IRA without owing taxes on it. Please contact us if you would like to discuss how this may apply to your personal situation.

The IRS also announced that the tax filing deadline has been extended from April 15, 2020 to July 15, 2020. This relief applies to all individual returns, trusts, and corporations and is automatic. You do not need to file any additional forms to qualify for this relief. New York State, along with many other states, has also extended the tax filing deadline to July 15 to line up with the IRS filing date.



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Along with these policy announcements, individuals and businesses are beginning to mobilize efforts to assist in the health care response to this virus. We have heard from clients who are sewing masks to contribute to local hospitals and others sewing surgical gowns. That is incredibly inspiring! General Motors will be producing ventilators while Ford Motor Company is working with General Electric to increase ventilator supply. Other companies are contributing funds to coronavirus relief efforts, increasing paid sick leave days, suspending foreclosures, delaying payments for auto and mortgage loan customers, and donating personal protective gear to hospitals and health care workers.

These combined actions were well received by the markets and the governmental policy responses were what the markets have been waiting to see implemented. The U.S. and international stock markets were up between 10% and 12% for the week but still saw continued volatility. This volatility will probably be with us for a while as the health care community searches for a therapeutic solution or a vaccine. When we have seen volatility such as this in the past, we have typically seen strong gains one year later. The table below displays past episodes of days, weeks, and months where the stock market struggled and how it fared one year later. While every situation is unique, a lot of economic activity is being delayed such as dining out, auto and home purchases, vacations, etc. This provides some measure of an expectation for a strong recovery once we begin to move past the slowdown. Stocks will begin to recover before the pandemic is gone. Bull markets are not built on good news but on the reduction in bad news.

### Worst Days

Calendar Days	S&P 500 Decline	Return 1 year later
10/19/1987	-20.5%	23.1%
3/16/2020	-12.0%	?
3/12/2020	-9.5%	?
10/15/2008	-9.0%	20.8%
12/01/2008	-8.9%	35.9%
09/29/2008	-8.8%	-4.1%
10/26/1987	-8.3%	23.5%
10/09/2008	-7.6%	17.8%
3/9/2020	-7.6%	?
10/27/1997	-6.9%	21.5%
08/31/1998	-6.8%	38.0%
01/08/1988	-6.8%	15.3%
11/20/2008	-6.7%	45.1%
05/28/1962	-6.7%	26.7%
08/08/2011	-6.7%	25.2%
<b>Average</b>	<b>-8.9%</b>	<b>24.1%</b>

### Worst Weeks

Calendar Week	S&P 500 Decline	Return 1 year later
10/5/2008	-18.2%	19.2%
3/15/2020	-15.0%	?
10/18/1987	-12.2%	13.7%
9/16/2001	-11.6%	-12.5%
2/23/2020	-11.5%	?%
4/9/2000	-10.5%	-12.8%
9/28/2008	-9.4%	-6.7%
10/11/1987	-9.1%	-2.2%
3/8/2020	-8.8%	?
9/8/1974	-8.7%	27.8%
11/16/2008	-8.4%	36.4%
7/14/2002	-8.0%	17.2%
9/7/1986	-7.9%	39.6%
6/25/1950	-7.6%	18.5%
9/22/1974	-7.4%	32.7%
<b>Average</b>	<b>-9.2%</b>	<b>14.2%</b>

### Worst Months

Calendar Months	S&P 500 Decline	Return 1 year later
Oct-87	-21.8%	10.8%
Oct-08	-16.9%	7.0%
Aug-98	-14.6%	37.9%
Sep-74	-11.9%	32.0%
Nov-73	-11.4%	-27.1%
Sep-02	-11.0%	22.2%
Feb-09	-11.0%	50.3%
Mar-80	-10.2%	33.2%
Aug-90	-9.4%	22.6%
Feb-01	-9.2%	-10.7%
Dec-18	-9.2%	28.9%
Oct-78	-9.2%	9.3%
Sep-08	-9.1%	-9.4%
Apr-70	-9.1%	27.5%
Aug-74	-9.0%	20.4%
<b>Average</b>	<b>-12.4%</b>	<b>16.7%</b>

Sources: BlackRock; Morningstar as of 3/22/20. U.S. stocks are represented by the S&P 500 Index, an unmanaged index that is generally considered representative of the U.S. stock market. Index performance is for illustrative purposes only. It is not possible to invest directly in an index. Performance does not guarantee or indicate future results. \*Indicates principal return, dividends not included.

As we indicated in our business continuity plan update, our entire firm is still working to make sure we are there to respond to your inquiries, monitor your portfolios, research markets and securities, and execute any client needs such as distributions and trades. Please call or email us with any questions or concerns.

We hope you and your family stay healthy! We will talk to you soon.

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