



**IFAM Capital**

A FOCUS FINANCIAL PARTNER

# JULY 2020 MARKET COMMENTARY



## ECONOMIC UPDATE

Economic conditions have sequentially improved from extremely low levels, but progress has been uneven and will largely depend on COVID-19's trajectory and continued policy support. The Fed's emergency lending facilities have driven corporate debt - already at record levels - even higher. With weekly claims still above 1 million, unemployment above 11%, and unemployment benefits ending within the next two weeks, more fiscal stimulus is likely to follow.

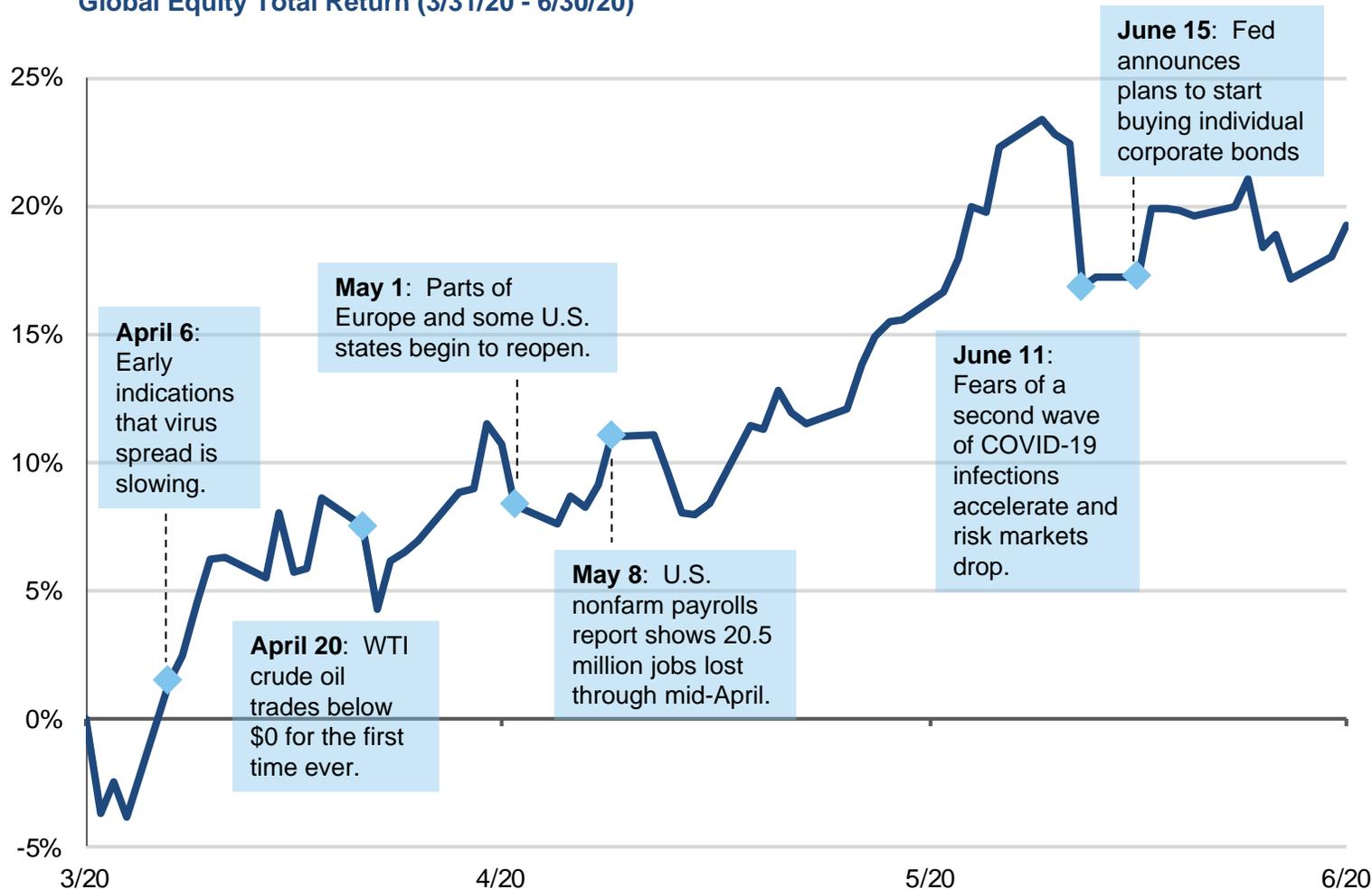
For asset markets, riskier assets have led the charge to recovery. Historically speaking, average drawdowns of US equity markets averaged around a year. In comparison, this year equity markets saw a peak to trough drawdown in roughly 23 days. Since March, US Equities have made considerable recoveries, whereas normal recessionary period recoveries can take years to recover. Yields remained near record lows, held in check by weak economic activity, quantitative easing, and a global low-yield environment.

COVID-19 continues to be the main factor in economic and social uncertainty. We do however gain more data from COVID-19 as time passes. According to Dr. Robert Redfield, director of the U.S. CDC, 10 times more people have antibodies in the jurisdictions tested than had documented infections. This implies the true U.S. infection rate may be 10.18% rather than 1.18% (or 39 MM rather than 3.9 MM Americans). As COVID-19 testing continues to increase, the uptrend of those testing positive over the last few weeks is a likely sign that increasing case counts are not merely just a function of more testing. Based on political action thus far, states to the right may have a harder time easing restrictions or may require a second lockdown, whereas states to the left may have more options to ease restrictions sooner. States hit hardest the earliest are generally those in better shape today (and vice-versa).



# 2Q 2020 MARKET EVENTS

Global Equity Total Return (3/31/20 - 6/30/20)



## Key 3Q 2020 Dates

### July

- 28-29:** FOMC Meeting
- 30:** U.S. Q2 GDP report (first estimate)
- 31:** Tentative end to extra \$600/week of unemployment benefits

### August

- 17-20:** Democratic national convention
- 24-27:** Republican national convention

### September

- 29:** First presidential debate

Source: Bloomberg as of 6/30/20. Global Equity represented by MSCI ACWI Net Total Return USD Index.



# DISCLOSURES

*IFAM is an SEC Registered Investment Advisor with its compliance office at IFAM Capital, 2133 S Timberline Rd. Suite 120, Fort Collins, CO 80525. Phone 970-530-5036. Please contact this office to request a copy of the firm's ADV/brochure. You may find additional information about our firm at [www.ifamcapital.com](http://www.ifamcapital.com).*

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