

THE COMMUNIQUE

April 2020

MAJOR INDICES	CLOSE	MTD	QTD	YTD
S&P 500	2470.50	-4.41%	-4.41%	-23.53%
Dow Jones Industrials	20943.51	-4.44%	-4.44%	-26.61%
NASDAQ Composite	7360.58	-4.40%	-4.40%	-17.97%

U.S. TREASURIES	YIELD
5-yr Treasury Note	0.38%
10-yr Treasury Bond	0.62%
30-yr Treasury Bond	1.28%

Information as of April 1, 2020

Source: Thomson Reuter's Thomson One

MARKET COMMENT

Foreboding

It's hard to escape the plethora of negative information about the stock market over the past several weeks. Between newspapers, cable news, and social media, you've probably heard more than you ever want to hear again! But it's not only the market news that is discouraging, we also must also shoulder the effects of COVID-19 in our own communities. In a few short weeks, our lives have changed dramatically. Many are working from home, some are being furloughed or fired, schools and non-essential businesses are closing, and grocery shopping has become a precarious exercise (some with plastic gloves and face masks). The Coronavirus has changed our lives with an experience that most never imagined, but our hope is that these changes remain transient.

In response to the threats posed by COVID-19, the central banks of the world, including our Federal Reserve, have flooded the global economies with liquidity (money available to keep the markets and economies running). Governments are promising, or have implemented, massive stimulus packages to compensate for the massive unemployment and strong decline in their economies. The U.S. Congress recently passed an economic stimulus package, The CARES Act, for \$2.2 Billion dollars, to support the slowing domestic economy and there are already discussions about additional future stimulus.

So how will the financial markets react to all this support? Only time will tell. But we can assess the probability of different outcomes based on what do know at the present. First, we are in a Bear market with the S&P 500 dropping over 20% in value. Second, the drop has changed the market trend from a rising pattern (higher highs/higher lows) to a declining pattern (lower highs/lower lows).



As you have likely heard, this has been the fastest, most volatile, Bear market on record – taking just 19 trading days to accomplish the initial 20% decline. But what’s even more confounding is that this drop was preceded by an economy and stock market that gave very few warning signs. In fact, January and February were very strong. Consumer confidence registered a 50-year high, unemployment registered a 50-year low, and several economic indices hit all-time highs.

In a blink of an eye, the focus has shifted to the length and depth of ensuing economic decline and its effects on the stock market. This has left everyone asking – when will this all be over? No one knows for certain, and much depends upon the extent of the Coronavirus – and the government’s guidelines on social distancing, sheltering in place, and the closure of non-essential businesses. But as we look ahead, we must also account for the mental toll the virus will have on people. Will normalcy return? Yes. Will it look the same as it did before? That’s a tougher question to answer. As for the financial markets, we must not forgot the old saying, “never fight the Fed,” and if they remain accommodative

with massive liquidity, it might not take the markets too long for the trend to change to a new Bull. Stay tuned.

As always, we hope and pray that you all are well and safe from this virus. Please let us know how you are doing and we welcome your comments. Thank you for your continued trust and support, it is deeply valued.

PLANNING STRATEGY

Raymond James "Point of View" article. M20-3008581

Tax Deadline Change to July 15

The IRS has extended the deadline for filing your 2019 income taxes. Learn more about this important change. The Treasury Department and IRS have officially extended the deadline for filing your 2019 tax return to July 15, 2020, in response to the COVID-19 outbreak.

If you're expecting to receive a refund, you should still consider filing your taxes ahead of the new deadline. However, for those with a large tax liability, the new deadline may provide some extra time to develop a thoughtful strategy for paying the taxes due.

Common Questions

Do I still need to file taxes by April 15, 2020?

No – the new deadline for filing your taxes is July 15. However, if you're expecting to receive a refund, you should consider filing sooner.

Does this apply to state income tax payment deadlines?

Not necessarily. The extension is for federal income tax purposes only, not state income tax. Please consult your tax professional for more details about your state's policies, which may adjust as COVID-19 updates unfold.

What if I pay estimated quarterly tax payments?

This delay applies to you, too. You will have a payment deadline of July 15 instead of April 15.

What do I need to do to elect the deferral?

No special election needs to be made if you decide to delay. Any interest or penalty from the IRS from April 15 to July 15 will be waived. Penalties and interest will begin to accrue on any remaining unpaid balances as of July 16, 2020.

Does this mean I can make 2019 IRA contributions until July 15?

Yes. Per IRS publication 590-A: "Contributions can be made to your traditional IRA for a year at any time during the year or by the due date for filing your return for that year, not including extensions." The due date for filing the 2019 return is now July 15, 2020, so you have until that date to make 2019 IRA contributions.

How can I learn more about this change?

The IRS has established a special section on their website to help taxpayers stay up to date with COVID-19-related changes. Visit irs.gov/coronavirus to explore related resources, and reach out to your tax professional and financial advisor with any questions you have about your specific tax situation and financial plan.

LIFE & LEISURE

Raymond James "Point of View" article. M19-2881539

Easy Ways to Add a Little More Joy to Your Day

Add a small splash of happiness to your regular routine with these suggestions.

Start Your Day Off On The Right Foot

Have something to look forward to. This can be anything, from lunch plans with a friend to your favorite cup of coffee.

Cross a dreaded task off your to-do list. The earlier you do it, the better, as your willpower is at its strongest in the morning.

Feel a sense of purpose. Think about how your day-to-day work impacts the lives of others. Ask yourself, "How is the work I'm doing helping someone down the road? What meaning can I find here?"

Say thank you. Help others feel appreciated and boost your own mood by actively practicing gratitude.

Kiss (or hug) someone you love. Psychologists believe that starting the day with affection can help foster a positive attitude and, in turn, a healthier lifestyle. What's more, a 10-year psychological study concluded that men who kiss their wives before work live five years longer, make 20-30% more money and are 50% less likely to get in a car accident.

End Your Evening On A Good Note

Let go of work. Make a to-do list for the next day and include notes on how you'll tackle each task. Once done, make sure to disconnect.

Turn your Tuesdays into Saturdays. Studies show what we most treasure about weekends is extra time with those we love, so schedule weeknight plans with family or friends.

Practice. Instead of spending your evening watching TV, a habit that's been linked to lower life satisfaction, try practicing something you enjoy, such as knitting, creative writing or Sudoku.

Remember the good. Write down at least three good things that happened during the day, including why they were good.

Dim the lights. Ease into a good night's sleep by turning off your smartphone and computer screens an hour before bedtime. Using a smartphone for 10 minutes is the equivalent of spending an hour in bright daylight.

Don't go to bed angry. Instead, aim to go to bed feeling grateful.

Sources: bakadesuyo.com; Time magazine; Journal of Personality and Social Psychology

Quote of the Month: "The oldest and strongest emotion of mankind is fear, and the oldest and strongest kind of fear is fear of the unknown." H.P. Lovecraft

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