June-Hurd On the Street

Since our last update, as we anticipated the stock market traded has traded at both ends of its recent trading range with the S & P 500 moving up into the top of the range around 2950, then fell sharply down to the lower end of the range around 2700, only to reverse and rally back towards the top. Driving this volatility is the constant barrage of news headlines regarding the economy’s health, news on the virus itself, the Federal and State Governments response to it, and potential vaccines. The markets focus is clearly on the economy and recent market action suggests that the economy will recover more quickly the majority of economists and people themselves expect. In fact, most investors I have spoken recently, both individual and professional are shocked by the market’s incredible comeback in the face of such somber news. The charts also paint an optimistic picture which favors an upside resolution, with stock market breaking through resistance and advancing nicely, perhaps even to new highs. Taking all this into account we are in the enviable position to have the cash to initiate new positions, add to existing holdings should the market breakout, or if not, have cash to mitigate damage in the event of a decline. The temptation is to add positions in sectors that have been crushed such as Retail, Restaurants, and the Banks but we will continue to focus on sectors which will flourish in the post Covid economy such as Computer Software & Hardware and Healthcare. Stay tuned.