



SAGE Global Market Perspective - Difficulty Ahead

March 31, 2020

Dear Clients,

After experiencing an equity market relief rally last week, the SAGE Investment Committee believes that the improved investor confidence will be short lived. As we enter April, investors will be confronted with a deluge negative economic data. Although economic data by nature is backward looking, the immediate impact of COVID-19 has been shockingly large and swift.

- Initial claims for unemployment benefits rose to approximately 3.5 million* last week. Although the \$2.2 trillion economic aid package will relax the rules and extend benefits to a broader range of unemployed workers, the unprecedented increase in jobless claims suggests that labor market conditions are deteriorating more rapidly than was thought earlier.
- The University of Michigan Consumer Sentiment Index fell to 89.1 in March (vs. 101.0 in February), the fourth largest one-month decline in nearly a half century. However, most alarming is that the report noted that the seven-day average was falling sharply toward the end of the survey and if it were to stabilize into April, it would amount to a record two-month decline of 30.1 points.
- This week's economic data (Consumer Confidence, ISM surveys, ADP, Challenger job-cuts, jobless claims, and the payroll figures) should add to the picture of a weakening economy. However, March figures may not provide a clear picture. There's always uncertainty in the data, but that is likely to get worse in the near-term.
- We know that the economy is weakening and while we don't know the exact point of the cycle we're in, investors are smart to pay attention to what's happening in New York which we estimate is two to three weeks ahead of the rest of the country. Our point here is that we will work our way through this.

We continue to monitor the circumstances, the continuous flow of data and the impact that emotion plays on investor behavior. We remain vigilant and are managing through the volatility in a very deliberate manner. We are confident that once through this difficult and extended period that economic recovery will follow. If anything in your circumstances should change, please be certain to share that and other new information with your Wealth Advisor.

Kind regards,

SAGE Private Wealth Group Investment Committee

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