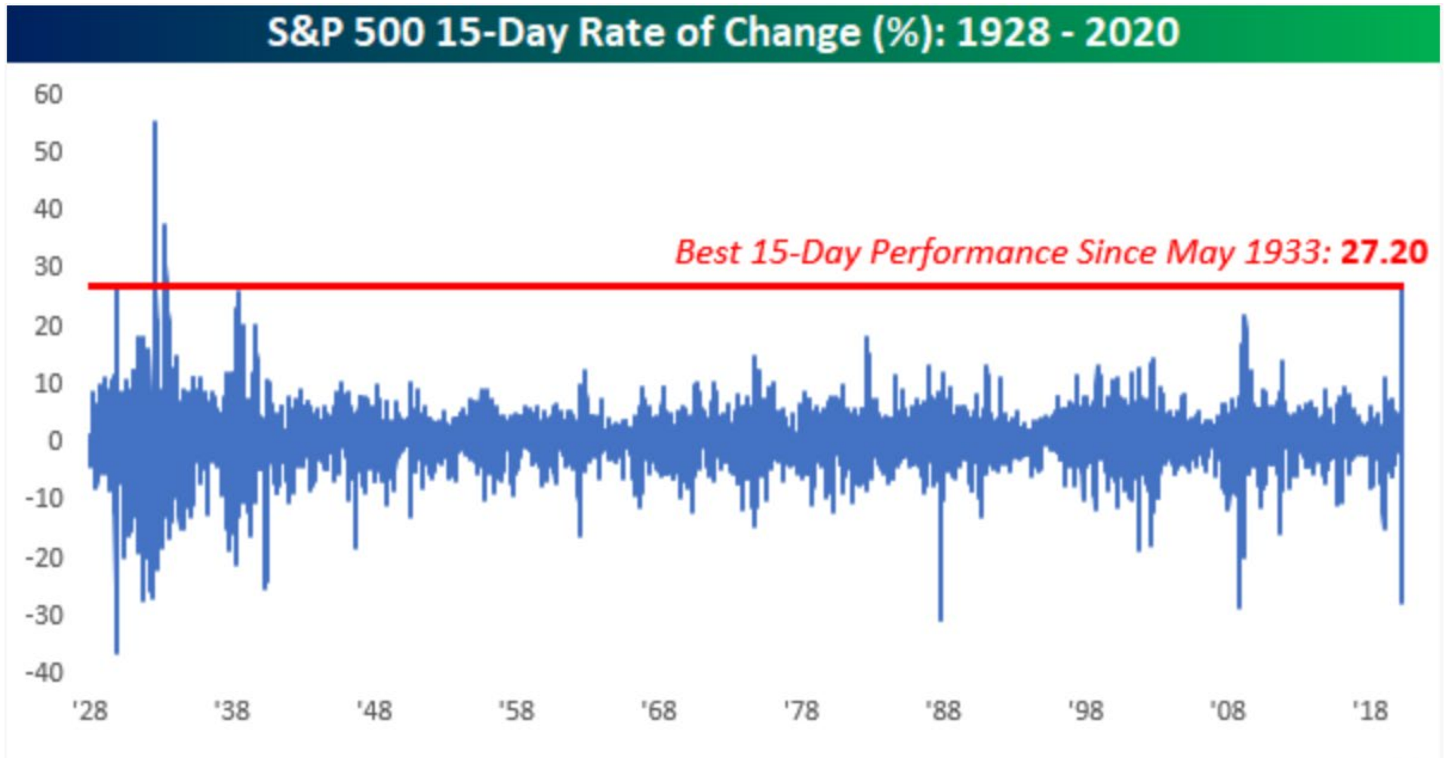
ASHTON THOMAS
PRIVATE WEALTH

David vs. Goliath (Economic Realty vs. Unlimited Liquidity Spigot)

The chart of the week below shows that we have just had the strongest 15-day rally since May 1933 as measured by percentage gains. This gain illustrates the power of an oversold condition colliding with the largest fiscal and monetary stimulus ever bestowed on the markets.



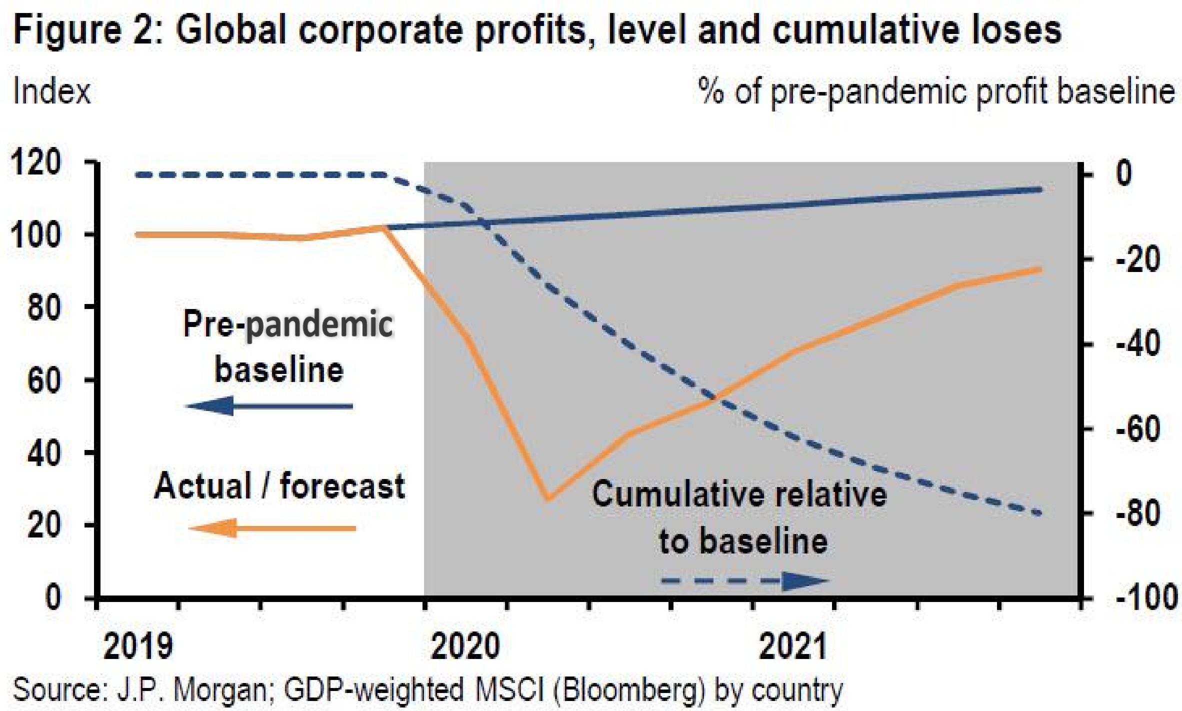
Source: https://twitter.com/LanceRoberts/status/1250377846830366720

ASHTON THOMAS PRIVATE WEALTH

Kevin Churchill, CFA®, CFP®
Chief Investment Officer

The chart below illustrates a question we have brought up previously: can propped-up asset prices "make" an economy?

The data in the chart from JP Morgan suggests the hit to global earnings in 2020 will be significant, which probably comes as a surprise to no one. The takeaway is that JP Morgan does not expect earnings to return to 2019 levels until 2022 or 2023. This is not a headline many have seen to date. So, the question remains: does asset price support lead to a healthy economy and drive equity valuations higher? While we can hope the great times return soon, we feel that as risk managers, the known risks in front of us of unknown duration and depth should not be ignored or overlooked. Therefore, we continue to hold that maintaining a defensive posture—with the potential to reduce risk further at some point during this rally—is the prudent course of action for now. Please consult with your advisor for specifics in your situation.



Source: https://www.zerohedge.com/markets/jpm-sees-global-profits-cratering-70-q2-no-recovery-until-2023