

## March 2020: Just a Figment of Our Imaginations?

All joking aside, collectively we have all been through a lot. Financially, we witnessed the volatility of the equity markets. Economically, we've seen a massive wave of unemployment claims and business closures resulting from mandated stay-at-home orders. Healthwise, we have more than one million confirmed cases of COVID-19 in the US.<sup>1</sup> Rarely in history have so many been impacted so widely as what we are experiencing from the fallout of the coronavirus pandemic. The chart of the week below illustrates this week's title. "We are from whence we came..."



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...and all it took was our next chart. The Fed-engineered month of March looks much like a mirage where trillions of dollars of injected liquidity and security purchases flooded the system.

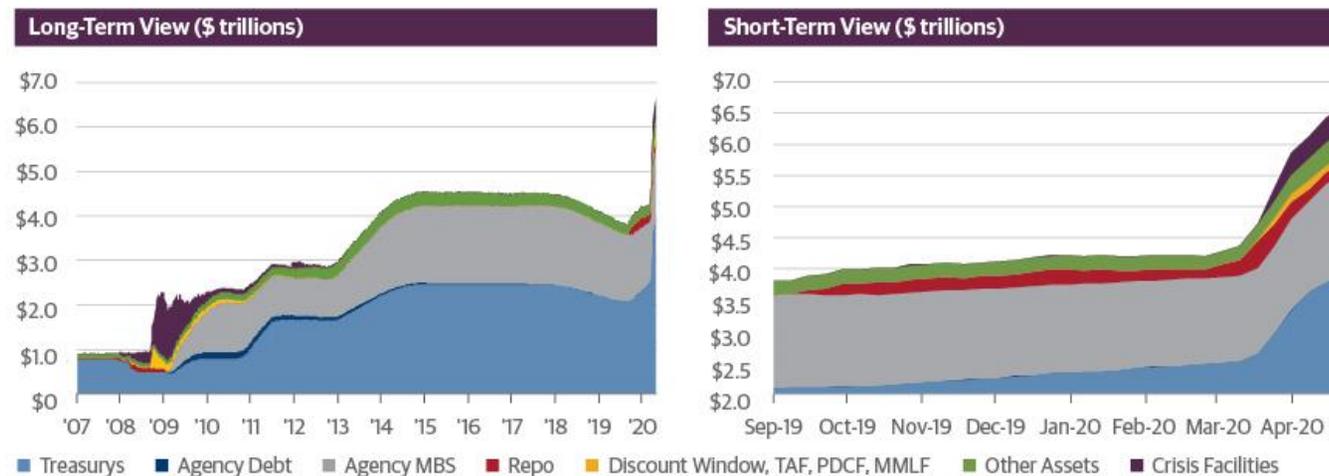


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We could spend time reviewing numerous charts reflecting the economic uncertainty at this time, but most of you are aware of the situation. So, we will turn to what we can control: the amount of exposure to equity risk. Whether or not we are destined for new highs is not the relevant question. The question of the moment is this: Is your current allocation to equities at a level that makes you comfortable if the market were to correct again? Are you employing adequate rules-based defense mechanisms or using tactical managers who do? If the equity markets turn downward, those rules-based measures can help insulate your portfolio to a degree. They can also help provide a mechanism for moving back into a risk-on mode should we see intermediate or long-term advances develop in the equity markets. As always, please consult your advisor to discuss in more detail.

## GUGGENHEIM

### The Fed's Balance Sheet Comes to the Rescue



Source: Guggenheim Investments, Haver Analytics. Data as of 4.23.2020. Other assets includes unamortized discounts and premiums on securities held, foreign currency assets, gold, SDRs, Treasury currency outstanding and other assets. Crisis facilities includes FX swap lines, CPFF, PDCF, Maiden Lane LLCs, AIG credit, TALF, AMLF and other programs. ©2020 Guggenheim Partners, LLC.

Source: <https://twitter.com/ScottMinerd/status/1254749391166021632/photo/1>

<sup>1</sup> <https://www.arcgis.com/apps/opsdashboard/index.html#/bda7594740fd40299423467b48e9ecf6>

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