DJ IA	Nasdaq	S & P 500	Russell 2000	MSCI EAFE	Crude Oil	Euro	10 yr Treas.	Fed.Fund Rate	Prime Rate
25,812.88	10,058.77	3,100.29	1,441.37	7,688.25	39.27	1.1236	0.66	0.00-0.25	3.25

Money Manager Newsletter
June 30, 2020
Investment Consulting Group, Inc.

"The Market Will Not Stop Gong Down Until Bad News Doesn't Move The Market"
Donald Stanforth, President Investment Consulting Group, Inc.

The recession that started in March is the sharpest downturn since the Great Depression. As it turns out, it was also the shortest. This doesn't mean the U.S. is fully recovered, or even close; a full recovery is going to take at least a few years. But look for more positive numbers from here on out. Paul Krugman tweeted the possibility of the Trump Administration cooking the books, but that's absurd. Jason Furman, one of President Obama's top economists, pointed out that the Bureau of Labor Statistics has 2,400 career staffers and only one political appointee, with no ability to cook the books. The odds of a conspiracy among these career civil servants to help the Trump Administration are zero. Another piece of evidence supporting the case for a recovery is that tax receipts look better. Every day the Treasury Department releases figures on various categories of tax receipts. The Treasury collected $56.8 billion individual income and payroll taxes withheld from paychecks, up 11.8% from the same days in 2015. A month ago, in early May (specifically, the five workdays through May 7), these receipts were up 7.1% versus 2015. This acceleration signals the economy has turned a corner. Profits will be down substantially in the second quarter, but should recover strongly in the several quarters thereafter. Meanwhile, the money supply is growing rapidly, and the Federal Reserve is prepared to keep monetary policy loose for the foreseeable future. The U.S. has gone through tremendous turmoil so far this year, with a response to COVID-19 that included unprecedentedly widespread government-mandated economic shutdowns, followed by a combination of legitimate protests, riots, and looting. No one knows for sure what the second half will bring, much less 2021 and beyond. But we think that, like in the past, those who have faith in the future will be rewarded. First Trust Advisors

"It was never my thinking that made big money for me. It was always my sitting. Got that? My sitting tight!" (1877-1940) Jesse Livermore, Early 20th Century Stock Trader—How To Trade Stocks

If we look at the twenty-four industry groups that make up the index, it becomes easier to see how COVID-19 has affected some segments of the market far more than others. The three largest industry groups are software and services, media and entertainment, and pharmaceuticals and life sciences. These three groups comprise almost one-third of the index by market capitalization, and all three groups have positive performance for the year to date period. The fourth largest group is retailing. The three largest companies in this group are Amazon, Home Depot, and Lowes, and all are up for the year. The energy group, which includes Exxon, Chevron, and ConocoPhillips, and represents less than 3% of the S&P 500 index, is one of the "have nots." Real estate has also suffered, but that industry group also represents less than 3% of the index. The transportation group includes both trucking companies and airlines, but is less than 1.7% of the index. Hotels, restaurants, and cruise lines represent one of the hardest hit groups, but that group also makes up less than 1.7% of the index. These four groups contain most of the companies that were most harmed by the COVID-19 outbreak, but they represent less than 10% of the S&P 500 index. The markets are said to be forward looking. We believe that is true, and we hope that the higher market levels of the last two months portend a successful recovery from the trauma and uncertainty of this spring.
The Dana Viewpoint

The First Global Economic Depression Of Our Lifetimes
Technically, there's no official definition of the term "depression." But compared to a "recession" (defined as two consecutive quarters of contracting economic growth), there are some general rules we can apply. Depressions are global, much worse than typical recessions, and their impact on both the economy and society last far longer. It's this latter point why we still call 2008 the "Great Recession." For all the drama and chaos, outside the banking industry those handful of months in 2008/2009 didn't irrevocably alter our society and/or economic system. The U.S., still the world's largest economy and one with ostensibly the most resources to combat both coronavirus and its worst economic effects. In the early days of the pandemic, the U.S. government sprung into action with the idea to provide support to workers and keep businesses afloat with credit lines and other financial instruments, all with the idea of building a bridge till the time when the economy was turned back on. That all is lost. Not exactly. When we use the word "depression," the images we conjure up tend to be of Hoovervilles and soup lines circa 1930's. But the world has come a long way since then, and the last 100 years or so of globalization has catapulted humanity into unprecedented levels of human, economic, political, and technological capital. When the Great Depression happened, we didn't have the social safety nets and political institutions we have today. We also didn't have a decades-long track record showing the world was better off when cooperating rather than in conflict. Thanks to technology and other advancements, today's "global middle class" enjoys a quality of life that would have made even the well-off of 1930 envious. As a collective whole, humanity is better prepared to weather this depression than we were a century ago.
Ian Bremmer—Eurasia Group

"Never say never, but…………?"
Donald Stanforth, President—Investment Consulting Group, Inc.

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“If fear drives your investment decisions you are doomed.”

Last Quarter newsletter we could not find anyone to “forecast”. Now since the rebound everyone is sharing the already stock market rebound but all investors wait for the economic news starting with GDP and corporate earnings. We will see earnings up and down. We will see bankruptcies and mergers making big CO’s bigger. Yields will stay flat. If you have a mortgage—refinance. Any job is better than no job. Low inflation/deflation is a big risk if it gets out of control.

Buffet said he remains convinced “that nothing could basically stop America,” just as he had during World War II, the Cuban Missile Crisis, the events of September 11, 2001 and the global financial crisis of 2008-2009. Buffett has been a longtime voice of optimism on the U.S. Economy and business innovation. “If you were to pick one time to be born and one place to be born and you didn’t know what your special talents or special deficiencies would be...if you could do that one time, you would not pick 1720, you would not pick 1820, you not pick 1920,” “You’d pick today. And you would pick American.”

“Never make important decisions when you’re influenced by fear or alcohol.
Donald Stanforth, President—Investment Consulting Group, Inc.

“The world’s most precious resource is the persistent and passionate human mind.”
Peter Diamonds

How do stocks recover in US Large Cap Universe of 60% of market cap representing 1000 companies:

Year 1 17.59%

Year 2 13.65%

Year 3 13.10%
LSV Asset Management

“There are two types of successful investors, those that save a lot of money and think they have been successful and those that invest without emotion and make good decisions.”
Donald Stanforth, President—Investment Consulting Group, Inc.

6/30/2020	Current P/E	VS	20 Year Avg. P/E
	Value	Blend	Growth
Large	18.1/13.6	21.7/15.4	29.8/18.8
Mid	19.8/14.2	23.9/16.1	39.2/20.4
Small	27.7/16.5	55.0/20.7	NEG/30.1

Treasury Market Yields	06/30/2020	12/31/2019	12/31/2018
2 Year	0.16%	1.58%	2.48%
5 Year	0.29%	1.69%	2.51%
10 Year	0.66%	1.92%	2.69%
30 Year	1.41%	2.39%	3.02%
SP 500	2.01%	1.82%	2.15%
Commodities			
Oil ($bal)	$39.27	$61.06	$45.41
Gold ($/oz.)	$1793.00	$1519.50	$1278.30
CRB Index	$137.97	$185.79	$169.80