

FINDING POSITIVE PERSPECTIVE

March 25, 2020

Dear Valued Clients,

This week so far has seen positive developments on the fiscal policy front. After talks stalled over the weekend and into the early part of the week, yesterday saw the announcement of a \$2T stimulus package clearing the Senate. Details are still emerging and there can still be hurdles to overcome in the House, **but markets around the world welcomed the news with some of the biggest one-day gains in history.** More positive news was also received from global companies Starbucks and Nike, who are seeing business return to normal in China. While impossible to draw a perfect parallel to life and business resuming around the globe, it is nonetheless a reminder we will get through this.



From a numbers perspective, it is important to point out the data on the healthcare front and economic front are inextricably linked. The necessary public health decisions are going to bring about dismal economic numbers the likes of which we have seldom seen. This will begin tomorrow morning when the Labor Department reports weekly jobless claims. The news outlets are going to have a field day, probably making comparisons to the Great Recession or even the Great Depression. Our current situation has little in common with those periods of time. **In our opinion, it is important to tune out the noise surrounding economic activity through the second quarter.** The numbers will be bad, but that is by design.

James Bullard, President, and CEO of the Federal Reserve Bank of St. Louis, published an insightful piece ([Article Link](#)) recently where he is urging the declaration of a National Pandemic Adjustment Period. The goal of the policy would be to provide "a natural focal point for the expectations of policymakers and Americans at large concerning what is happening." The goals for this period, which arbitrarily extends through the second quarter, are greatly reducing economic activity, keeping households and firms whole, and paying for the pandemic response. By his estimations, the necessary healthcare policy response will cut the second quarter GDP by 50%. Our total annual GDP is approximately \$20T. A reduction of 50% in a quarter comes out to \$2.5T. When we examine what has been done already through monetary policy and look to the pending fiscal package, in theory, it is enough to allow our economy to look past the second quarter. When we get the details of the fiscal bill we will find some components address all three of Bullard's goals. Our economy was strong coming into this healthcare crisis. We can marshal the necessary resources to see us through. The key will be if we can maintain confidence and conviction through this period to continued growth on the other side. Step one is to ignore the upcoming economic numbers.

For many, one of the toughest things through this crisis has been the directive or desire to shelter in place to slow the spread. In troubled times, Americans are people of action. This dichotomy can make for long days and increased anxieties. So what can be done? **First and foremost, stay healthy and do your part to contain the virus.** That is the best thing to help put us back on the path to prosperity. **Secondly, we would suggest finding ways to support your local businesses.** Collectively, small business employs over 30 million Americans and are a vital part of the fabric of our communities. While there will be targeted fiscal programs to help, additional community-based efforts will be essential during this time. **Lastly, as we ask you to look past the coming quarter's economic data, we also encourage you to set your sights on a return to prosperity and community.** For us here at OnPath Financial, we have our sights set on the Fourth of July. We envision looking up to the fireworks in the sky as patriotic songs are playing in the background. We can almost feel the tears and imagine the smiles, as we once again have come together and kept the dream alive. This is our focus and our prayer.

We leave you today with an incredible cover of the song *The Weight*. The project comes from Playing For Change, a group dedicated to "breaking down the boundaries and overcome distances between people." It took over a year and a half to produce, coordinating musicians over five continents. Let us forget for a moment our connected world in terms of a virus, and remember there is much more good that comes through connection. May your load be ever lighter in the coming weeks. Enjoy.



Be well and stay healthy,

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