

## **GOVERNOR CUOMO KNOWS BEST**

In his daily briefing on Sunday, the Governor of New York said, in reply to a question about the ever changing (and fortunately diminishing) death toll from Covid19:

**"Every forecast put out by experts, experts mind you, has turned out to be incorrect."** I think this is a worthy thought to remember as we attempt to integrate the pandemic, the economic shutdown and the financial markets. It ties in with my own observation that the most common sentence you will read on forecasts of every kind is "**the experts were surprised**".

At best, making sense of financial markets is a challenge, perhaps more so in the era of 24-hour news and a plethora of online financial advice platforms. Add in today's global disruption of a massive scale, not for any financial excesses or misdoings but, as we all know, to combat a viral outbreak and it is not surprising the forecasts from economists and financial strategists covers a W I D E gamut.

**Regular readers will know my last three weekly emails have talked about the imbalances of the stock markets and a growing likelihood of a strong up-move.** On March 30<sup>th</sup> I commented, "last week I wrote about the potential billions of dollars forced to buy shares because of offside balanced mutual and pension funds and quant strategies. I also commented that many have to rebalance by month-end. I do not know if that was the stimulus for last week's big up-move.....a week that witnessed the largest three day up-move since the 1930's."

Well, we managed to do even better on this holiday shortened week. The S&P 500 surged 12.1% for its biggest one-week gain since 1974, while the Dow rallied 12% and the Nasdaq jumped 10.6%, the best weekly numbers in almost fifty years, **strongly tilting the see-saw to the "good side."** If this analogy makes no sense please read last week's "**The Week That Was**" (all past editions are on our website). Markets have now retraced almost 50% of the low points seen March 23rd and even eclipsed many of the strategists year-end targets.

Over the next few weeks, as many companies report 1st quarter earnings, we will begin to get an early idea of the effects of "social distancing" and thus I would fully expect some retracement of the very, very rapid gains. Nevertheless, I believe the many positive factors that I have written about in the last few weeks has resulted in the low price points for most shares being made.