

Patience

Patience is a *virtue*, but if you're like many Americans, practicing this virtue is difficult these days. Our patience is wearing thin. Unannounced and unforeseen this novel coronavirus has disrupted our daily lives in ways we couldn't have ever imagined. Lockdowns, "stay-at-home orders", and social distancing, not only have taxed our mental well being, but also, immobilized our economy. Over the past several months, we **banded together** with the support of our friends and families to remain calm and patient in the face of this insidious enemy.

By the beginning of May, public patience had also worn very thin. Several states began to loosen social distancing guidelines and by May 20th all states had eliminated or modified their *stay-at-home* or *shelter in place* orders. By reopening sooner than expected, the spread of the virus came back with a vengeance. Just now in these last few days of June, the number of new cases have soared breaking the old records set back in April. Like before, the outbreak has been localized, with this second surge targeting the southern states. Four states, California, Arizona, Florida, and Texas, account for half of the new cases, prompting them to reverse course on reopening.

These record new case counts are indicative of the pandemic's virulent nature, but don't tell the whole story. The Centers for Disease Control and Prevention (CDC) concludes based on antibody testing, that the number of positive cases account for only 1 out of 10 actually infected, meaning that about 26 million Americans have had COVID-19, 8% of our population. With over 90% of our population still unexposed, it's obvious that we must remain patient as we're in this for the long haul.

The spike in coronavirus cases are primarily among younger Americans and has not yet produced more fatalities. COVID deaths hit a record of more than 2,500/day in mid-April and since have declined steadily to 600/day. Conventional wisdom is that even though states have eased restrictions, the surge in new cases may not be reflected in the death toll, as younger people are less susceptible to the virus's lethal symptoms. The worry is that those individuals may pass it on to the more vulnerable older generation.

Patience is "the capacity to accept or tolerate delay, trouble, or suffering without getting angry or upset." The uncertainty, duration, and severity of the coronavirus pandemic has tested, and will continue to test, our patience. It is difficult to imagine that our own unique feelings of anxiety and frustration are shared throughout the entire world. Even with "Operation Warp Speed", the optimistic prospect of a vaccine is 12 months away. Many virology experts predict the coronavirus will run its



natural course by then, although slowed by the social distancing which has flattened the curve, but will also extended the *natural course* to be measurably longer.

The surprise attack of the coronavirus derailed the longest bull market in history (see inset above) and plunged our economy into a medically induced coma. U.S. stocks were on a tear during 2019, reaching all-time highs. Then in only 23 trading days, starting on February 21st, the S&P 500 plunged a terrifying 34%. The financial losses in both the bond and stock markets stunned investors. The panic selling was immediate and indiscriminate. However, long-term, patient investors were rewarded by the most unexpected, remarkable rebound in history, fueled by massive governmental stimulus never before seen.

Congress unleashed a **\$2 trillion** stimulus package, The Federal Reserve cut rates to zero, and rolled out 9 emergency programs to keep money flowing. Chairman Powell told Congress that The Fed will continue to inject monetary medicine as long as needed. The stock and bond markets are riding on a stimulus high, while the economy is in suspended animation. We're still feeling the aftershocks of the first shutdown, while today we may be facing the second wave due to early reopenings.

Patience suppresses anger and stress, affording time to delay judgement thus avoiding careless action, to allow calm informed decisions. As long-term investors, we need to be patient and stick with our plan. As humans, we need to be patient with our friends, with our families, and with ourselves. We must all **band together** with compassion and tolerance. We must be patient as we're all facing a long, uncertain journey.

