

June 17, 2020

Is The Recession Over?

The word “unprecedented” seems to have lost its meaning given the number of times we’ve heard it in recent months. But it’s a good word to help describe the confluence of events that include a global pandemic, an economic slowdown here and abroad, job losses, geopolitical tensions and civil unrest. If your head is spinning, we don’t blame you. What we are experiencing can be unnerving.

The recession that started in March is the sharpest downturn since the Great Depression. Is it the shortest in U.S. history? We share this with you to lend some perspective on what’s happening.

The unemployment report released on Friday, June 5 showed that nonfarm payrolls rose 2.5 million and the unemployment rate dropped to 13.3%. Initial jobless claims fell for the ninth consecutive week and continuing claims remain below the peak hit in the week ending May 9, both consistent with an economy that has bottomed. Another piece of evidence supporting the case for a recovery is that tax receipts look better.

Corporate 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.

This doesn’t mean the U.S. is fully recovered, or even close. A full recovery is going to take some time but we should see more positive numbers moving forward. We don’t know for sure what the second half of the year 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.

Know that we built your financial plan with your long-term goals in mind and we’ve weathered volatility like this before. We are here to discuss your concerns, assess opportunities and offer perspective when needed. You remain in our thoughts during these challenging times and we appreciate and thank you for your trust.

Most sincerely,

Janice L. Henderson, CFP®

Together, for tomorrow.

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