



State of the Economy and Markets

By the time you read this, the first quarter of 2020 will be behind us, and I cannot imagine anyone who wasn't ready to close the books on this one. As we all look forward to better times ahead, I wanted to thank you for your business and give you a brief overview of how we got here.

Healthy data on the U.S. economy, along with three rate cuts by the Federal Reserve helped fuel the stock market to gains exceeding 30% in 2019 and left most feeling optimistic that further growth lay ahead in 2020.

However, the onset of the novel coronavirus (COVID-19) has wreaked havoc on the global economy, interest rates, and stock markets worldwide. As this coronavirus made its way from China to Europe and the United States, equity markets have suffered one of the fastest declines on record. As of March 25, 2020, the S&P 500 Index is down nearly 30% from its all-time record high on February 19, 2020. The likelihood of a recession during the first half of 2020 has increased tremendously and is likely unavoidable. What started out as a health scare has now turned into much more.

While it is impossible to know the extent of the damage that will be caused by COVID-19, nor the amount of time it will take to return to normalcy, significant steps to try and thwart the spread of the virus, along with what has been a very proactive response from the Federal Reserve and central banks around the world should go a long way toward mitigating both.

The U.S. economy was healthy going into this crisis, and that should allow for a quicker recovery as we come out of it. The U.S. economy and the stock market have proven to be incredibly resilient when faced with adversity in the past, and we believe that will be true again. As the number of coronavirus cases begin to decline, increased optimism and investor sentiment should soon follow.

We realize the current market situation is very difficult and corrections like this are painful. Add to that the increasing number of other challenges facing all of us as we continue to try and figure out how best to navigate these uncharted waters have most of us feeling uncomfortable, and understandably so.

We want you to know that we are staying on top of all things coronavirus-related from a healthcare perspective and also by evaluating the impact it will have on the economy and the markets. More importantly, your Adirondack Wealth Management team is focusing on how all of this relates to your specific situation and the assets you have entrusted to us. We believe that staying the course and maintaining a proper asset allocation throughout full market cycles is much more beneficial to the long-term success of your investment plan than trying to time the markets and avoid the worst of times.

If you have not already heard from your Wealth Management Advisor, please consider reaching



out to them to schedule a time to talk and review your portfolio allocations and strategy. In the meantime, know that we value your relationship and the confidence you have placed in Adirondack Wealth Management by choosing us as your financial partner.

We know that these are very difficult times and we wish you and your family the very best. Stay positive and stay healthy.

Sincerely,

Michael Brodt
Senior Vice President
Wealth Management Director