



Craig's Corner | August 17, 2020

Cautious Optimism

What drives an economic recovery? The factors are as numerous as they are complex. The data, however, suggests we could look at this economic recovery with cautious optimism. Following better-than-expected Q2 earnings results, many large financial institutions such as Goldman Sachs recently increased its S&P 500 earnings-per-share estimate for this year. Experts there are also forecasting a 30% S&P 500 earnings pick up in 2021. This is consistent with their 2020 and 2021 US gross domestic product forecasts of 5 and 5.6% respectively.¹

What about jobs? The July unemployment rate was better than expected, down from 11.1% in June to 10.2% in July. Yet, there is still plenty of uncertainty depending on where you work. Hard-hit industries brought workers back in July, but the impact of virus-related shutdowns could reverse some of that improvement. In total, there have been 9.3 million jobs added over the past three months; but that is less than half of the jobs lost since employment peaked in February.² Should we be prepared for a second wave of job cuts as companies adapt to this ever-changing environment?

Changing the way we operate seems to be a theme of 2020. One major change is people wearing masks. I continue to see creativity regarding masks, including patriotic images such as the American flag, companies marketing themselves with their slogans or logos, and individuals creating their own masks. I comment on this as I continue to be amazed at the positivity and resiliency of the human spirit during periods of uncertainty. If we commit to wearing masks from a public health perspective, why not make the best of it! I will close this Craig's Corner with a phrase my Aunt used to say to me, "If you have your family and your health, then you have your wealth."

Craig Robson
Founding Principal and Managing Director



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[1] Carmen Reinicke, “Goldman Sachs lifts 2020 earnings estimates after strong 2nd-quarter results, sees a big beat in 2021,” Markets Insider, August 10, 2020, <https://markets.businessinsider.com/news/stocks/earnings-estimates-goldman-sachs-lifts-q2-results-beat-2021-year-2020-8-1029488328#>

[2] Liz Ann Sonders, “Another Tricky Day: Dissecting July’s Labor Market Report,” Charles Schwab, August 10, 2020, https://www.schwabfunds.com/content/another-tricky-day-dissecting-julys-labor-market-report?mkt_tok=eyJpLjoiWXpJek1EQTRNRFpQWWpRMiIsInQiOiI0Z1UwaHdOMHpPc3lSNzJxS2tFZTJKT0tIb1dwSktdL0xHaStMWk9vbDVTK1pWMTU0dHpiWEXEVU5WeIY2VXVidTFBYTY2WFRISFdDNkV1WDlvSHVFRTJZa2h1VEk2RGZSM3BvTHB2OENJVzQ0c0lTZXNcL0FPOVhJOWlWanF0a1wvTCJ9