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"Economic Growth is a consequence of economic freedom."
- John Tamny

So Far So Good

Update –

Since the end of June, most market indices have made further advances. As of the market close, the majors have done the following:

Index	Closing Value 6/30/20	Current Value	% Gain YTD ¹
DJIA	25,812	27,005	-5.37
DJ Total Stock Market	31,576	33,387	1.07
S&P 500	3,100	3,276	1.40
S&P MidCap 400	1,783	1,862	-9.72
Russell 2000	1,441	1,490	-10.69
NASDAQ Composite	10,058	10,870	24.48

On the international front, the big two leaders are countries facing very serious political and economic issues:

Index	Current Value	% Gain YTD ²
Argentina Merval	48,634	16.71
China Shanghai Composite	3,333	9.28

Often, we see that economies and market performance do not always coincide – at least on the short term.

For the year through today, the surprising big movers are Silver +29.5%, followed by Orange Juice +29.4%. The poorest returns year-to-date are Energy MLP -39.7%, followed by Diesel – 37.4%, then S&P 500 Energy - 37.3%.³ Silver over the trailing three months has jumped 50.8% to 28.97% year-to-date while gold closed at \$1,868.32/troy ounce, up 22.9% year-to-date. What a turn-around!⁴

Despite market gains estimates of corporate earnings have been very negative, with the latest Fact Set estimate of second-quarter earnings of S&P 500 companies declining 44.0%.⁵ If a negative 44.0% holds true for the quarter, it will mark the largest year-over-year decline in earnings reported by the index since fourth quarter 2008.⁶ Again, market performance short-term is often based on expectations above or below the reality. One expectation is for Congress and the administration crafting a new COVID economic relief package to aid households and provide protections for businesses. Some 25 million Americans are set to lose \$600 a week in federal unemployment benefits at the end of July – unless a new aid package is parsed, as it seems the markets expect.

¹ www.wsj.com U.S. Americas Stocks Indexes 7/22/20

² www.wsj.com Asia Stock Indexes 7/22/20

³ www.wsj.com Track the Markets 7/23/20

⁴ www.marketwatch.com Gold Silver 7/23/20

⁵ www.factset.com Key Metrics 7/17/20

⁶ [Ibid.](#)

Going Forward –

As of Wednesday, the U.S. population has suffered 3,882,167 cases of COVID-19, with 141,677 total deaths.⁷ Ultimately, to save and grow the economy, the effective policy is medical, not monetary or fiscal. Economic stimulus by rate cuts and paycheck supplement can and does help on the short-term especially with a low inflation environment – but the solution lies with medical research and creativity in the workplace. And we are seeing this, thus the gain in technology.

In the meantime, markets remain volatile and “sloppy” after a very abrupt collapse and now show a recovery of some 90%. It will take a long time to absorb the millions of unemployed workers who will hold down consumer spending, threaten corporate profits, and weigh on strained and local budgets. Here are a few more conservative strategies!

- Take advantage of ROTH IRA conversions while unrealized gain and tax rates are low. Higher reported income as a result of a ROTH conversion could result in higher Medicare premiums, and how much you pay in taxes on Social Security.
- Since 2019, required mandatory distributions (RMD) are postponed for retirement accounts, therefore keep your funds invested to recoup more of the market losses.
- Look at the market decline as an opportunity. Many studies have shown that missing some of the best market days, which tend to happen during volatile periods kills your rate of return. One Putnam study shows missing the market’s 10 best days in the 15 years through 2018 would have cut your portfolios value in half.⁸
- Buy companies or funds that consistently grow their dividends year after year. Currently, the 10-year T-rate pays 0.59% while the exchange traded fund (ETF) for aristocrats (stocks with 25 years plus of increasing dividends) currently yields 2.2%. The index of S&P 500 aristocrats from 5/2/05 through 6/30/20 has achieved a 10.11%/year return vs. a S&P 500 return of 8.97%.⁹

There are many diverse strategies available to put your investment dollars to work based on your resources, risk tolerance, and objectives. We at Marathon are ready to help – virus or no virus!

Yours,



George Gumbiner



Five Star Wealth Manager since 2009, without exception
A+ rating with BBB Accredited Business 2002

“The investors chief problem – and his worst enemy – is likely to be himself. In the end, how your investments behave is much less important than how you behave.”

- ***Benjamin Graham***

P.S. Reminder! Please access the Marathon website for monthly commentaries, tools and timely statements on the markets! Input www.MarathonInvestments.com.

⁷ www.cdc.gov Coronavirus Disease 2019 7/22/20

⁸ Wall Street Journal A Crash Will Come p.812 10/26/19

⁹ ProShares S&P Dow Jones Indices July 2020