

AUGUST 2020

It doesn't feel like COVID-19 is getting better

The stock market seems to have bounced back. Parking lots are full again. People are getting on airplanes and crowding beaches. Even Disney World has reopened! And yet, it doesn't feel like COVID-19 is getting better.

It doesn't feel like health experts have found a consistent way to effectively treat cases. Doctors, scientists, and the government continue to have conflicting, ever-changing views of how to approach the virus. With treatment plans being tested, prevention methods being disputed, and inconsistencies in communication, when will we begin to see a sustained reduction in the number of cases?

It doesn't feel like a reliable vaccine is in our near future. Of course, no one knows, but with new information about this virus being revealed regularly, how likely is it that a reliable vaccine will be widely available before the end of 2020?

It doesn't feel like people are taking this seriously anymore. Mask usage is inconsistent, people are traveling more for leisure... the list goes on and on. When governors around the country began lifting the shelter-in-place orders, it seemed as though people also believed that we were no longer required to adhere to the social-distancing protocols.

Complacency has almost become a natural response to this drawn out event.

It doesn't feel like anyone knows what the timeline looks like. In the early stages of the shutdown, it seemed the consensus was that we might be "out of the woods" by late June. It is almost August, and we continue to experience a troubling number of cases. Considering the increased complacency, and the lack of standardized treatment or a vaccine, is a dependable timeline realistic?

It doesn't feel like mental health is being given enough weight. For many, the initial shelter-in-place order was difficult. For extroverted individuals that thrive on human interaction, this was particularly difficult. Even introverts may have begun feeling the weight of being isolated. Deciding whether or not to host large gatherings continues to be a difficult decision for many. Does this lack of human interaction impact our psyche and our desire to interact with the economy as a whole?

In our profession, it is critical that we question, turn the prism, and consider a range of outcomes. The current state of the economy is particularly troubling to us. It is as if COVID-19 is not impacting millions of people and a large swath of commerce.

While many large corporations have a sufficient backstop of cash to lean on during extended periods of flat or negative cash flow, small businesses are struggling. The average small business doesn't have much more than 30 days' worth of "rainy day savings". The US has over 30 million small businesses (or 99.9% of US businesses), and nearly half of the private workforce is employed by small businesses. We must recognize the impact that COVID-19 has had on small businesses, and the impact these small businesses have on families. What will happen when the government assistance programs run out for these small businesses? Have people emerged from their shelter-in-place and engaged with small businesses enough to revive their cash flow? These are the types of questions that we continue to ask ourselves as we look at the broad economy

and what path it may take in the back half of the year.

Although we have confidence in the resilience of America's democracy, capitalism, ingenuity, scientists, and grit, we also recognize that a long-term recession could occur should cases continue to increase. We have navigated many "storms", and acknowledge that this too, shall pass. Though we admit, a lot of the decisions that we must make in this particular storm largely center around the qualitative, the unknowable, immeasurable elements. In this instance, we are spending a lot of time analyzing the significant role that psychology and human behavior play. We continue to debate amongst ourselves, review the economic data, and discuss the emotions, feelings, and sentiments surrounding it all. At this point, it doesn't feel like things are getting better.

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