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We moved through the second quarter as observers watching economic history unfold as COVID-19 initiated the shutdown of all non-essential businesses. This resulted in an initial unemployment claims figure that did not even come close to any street projections. The opportunity to react and absorb this first piece of employment data was cut short when subsequent reports continued to bombard us with negative results, often falling well beyond existing estimates. The divergence was so significant, there were even questions as to why economists should provide any projections at all. Although time appeared to stand still in our daily lives, the quick succession of inconceivable data quickly contributed to the loss of shock value as additional reports followed.

We believe numbness to the reported data is one of the catalysts contributing to the resilience of equity markets. Another possible catalyst supporting capital markets is the perspective taken while making investment decisions for the long-term. As a firm, we remain bullish for the long-term but continue to recognize that near-term economic challenges remain. We believe that immediate strategies implemented by our Federal Reserve and the passing of the CARES Act have allowed for us to stay afloat within a contracting economy. The discussion led by naysayers regarding the "bubble" and "government debt" as a result of recent actions is reserved for another day.

Our updated 2020 Dow Jones Industrial Average (DJIA) target range based on fundamental projections is now 23,400 to 25,500. Relative to this range, markets are slightly overbought at 26,000+. Market resilience was a pleasant surprise during the second quarter as damage was being inflicted on the U.S. economy. Even though market levels signaled hope for the future, there was a growing concern while the DJIA exceeded 27,000, thereby creating a potential downside of 13%+. Perceived downside risk did improve when domestic markets took a breather and returned to trading within our target range.

Many questions are re-emerging regarding future mandates by federal and local governments in reaction to the current resurgence of COVID-19. We believe another broad shutdown by our Federal Government should only be left as a last resort should the surgical like orders by local and state governments fail in curbing the current outbreak. As we monitor capital markets and COVID-19, potential triggers to redeploy more cash back into equities are hindered by renewed uncertainties that continue to drive our cautious approach. We believe patience will not be a cost, but a positive factor in moving forward with the expectations of a recovery shaped like a "check mark" or the "Nike Swoosh" versus a "V" shape.

Clients have asked us how our firm is adapting to the "new normal" associated with the existence of COVID-19. In March, we seamlessly transitioned to a virtual environment without any interruption to our operations. Upon receiving operating parameters based on CDC guidelines from our property management team, we were able to return to the office in May. It has been business as usual with a few modifications including the use of facemasks along with proper social distancing. The ability for clients to meet at our office is at our guest's discretion and comfort level. In addition to contacting your consultant regarding your portfolio/financial plan, please feel free to ask any questions concerning a future visit to our office. We hope you enjoy your summer and continue to stay safe!