

Looking forward to 2021

The year 2020 will be remembered for three major events: Covid-19, social unrest, and the election. In the face of these historic events, the S&P 500 defied these stomach-churning experiences and rose 18.4%. It seems bizarre that the market did so well in spite of everything that occurred this year. The market is clearly indicating that the economy may see a resurgence in the next 6 – 12 months once we get passed this virus. I anticipate a strong economic recovery in 2021 that may continue for several years.

Let's take a glimpse of what may lie ahead for 2021, focusing on the breakthroughs that have been amplified by the pandemic.

New business startups are happening everywhere. According to the Wall Street Journal, in the third quarter of 2020, there were 1.6 million new business applications, compared to 860,000 during the same timeframe in 2019. New tech savvy businesses are capitalizing on consumers spending more of their time online – working, shopping and learning. New technologies are allowing new companies to get started with minimal capital. Let's go!

Productivity on the rise. Who heard of Zoom a year ago? Zoom has significantly improved worker productivity while working remotely. Increasing productivity is a significant component for a growing economy. According to Argus Research, the rise in productivity in the last two quarters of 2020 has been the greatest we have experienced since the late 1990's. Let's stay connected!

Standards of living may increase. Working remotely has become much more accepted. This gives workers flexibility on where they choose to live, work, and raise a family. Money saved on commuting is being banked and invested for the future. The work force is saving time that can be used for things like rest and exercise which creates a better work life balance. Consider a thirty-minute commute, one way to work, and think about reallocating 5 hours a week. That's a lot of extra time. A more flexible workforce can improve employee satisfaction; another ingredient for rising productivity. Let's keep our lives on the rails!

Pent up demand could spur strong economic growth. According to the Federal Reserve, Americans have accumulated \$2 trillion in new deposits since February, 2020. That's more than 10% of the gross domestic product in the US. I anticipate these funds may be used to fuel the economy to take-off post-virus. There is such a pent-up demand for things we haven't been able to do the last nine months, like dining out, going to a movie theater, traveling, and experiencing other forms of entertainment. Let's have some fun!

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Improved medical treatments are coming. Breakthrough technology (mRNA) used to develop a vaccine for Covid-19 will likely be used to develop vaccines for future pandemics or the fight against cancers. “We’ll look back on the advances made in 2020 and say: ‘That was a moment when science really did make a leap forward’,” said Jeremy Farrar, director of the Oxford University Clinical Research Unit. Moderna and BioNTech, for example, are applying mRNA technology to experimental cancer medicines. They are in second phase testing for ovarian cancer. While many obstacles remain, the future looks bright for other medical therapeutics. Let’s live longer!

I am optimistic about 2021 and beyond. New businesses, rising productivity, higher standards of living, pent up demand, and medical breakthroughs will be themes to watch.

I am so grateful and humbled by the opportunity to work with you.

All the best in 2021.

Sincerely,



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President/Owner

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