



Economic Survey Results

May 18, 2020

We hope this communication finds you and your loved ones healthy, safe, and well. A few weeks ago, we sent a survey to our clients with the hope of receiving a sense of how people are feeling about returning to their day to day lives.

Efforts to contain the virus have brought the economy to a halt for about eight weeks now. Gross Domestic Product, the broadest measure of goods and services produced across the economy, contracted at a seasonally and inflation-adjusted annual rate of 4.8% in the first three months of 2020 with the second quarter data likely showing an even more significant decline.

Another contraction in the second quarter of this year (April-June) would produce a technical recession, as defined by two consecutive quarters of economic decline. Most economists are expecting a rebound in the second half of this year and note that the impact of the shutdowns should be cushioned by the trillions of dollars in both monetary and fiscal economic assistance that has been provided to households and businesses. Consumer spending has and will continue to be a major component of our economic growth, so determining when and how we will return to 'normal' is important.

At this point, Asia and Europe appear to be emerging carefully from its period of hibernation, with consumers staying cautious. Companies such as L'Oreal, Nike and Louis Vuitton all said that Chinese demand was encouraging and should return more meaningfully in the coming months.

As some states begin to ease their restrictions on nonessential businesses, we are gathering data from a variety of sources in an effort to determine the economic impacts of 'opening back up'. Recent statistics from Georgia, Oklahoma, and South Carolina, who have all loosened their constraints, show people coming out in trickles rather than droves. Travel (surprisingly), clothes and entertainment are topping the list of spending categories in those states.

It will take time to see the full impact of these policies; both on the economy and healthcare system. Social distancing simply makes it more difficult to go to the movies, eat at a restaurant, or visit a salon until an effective treatment or vaccine is developed.

We received 128 responses to our survey and listed each question below along with a brief summary of the responses:

(1) When would you feel comfortable making your next major purchase?

About 37% answered that they are not anticipating a major purchase, but of those that are planning to spend significant money, about 75% will do so by the end of this year.

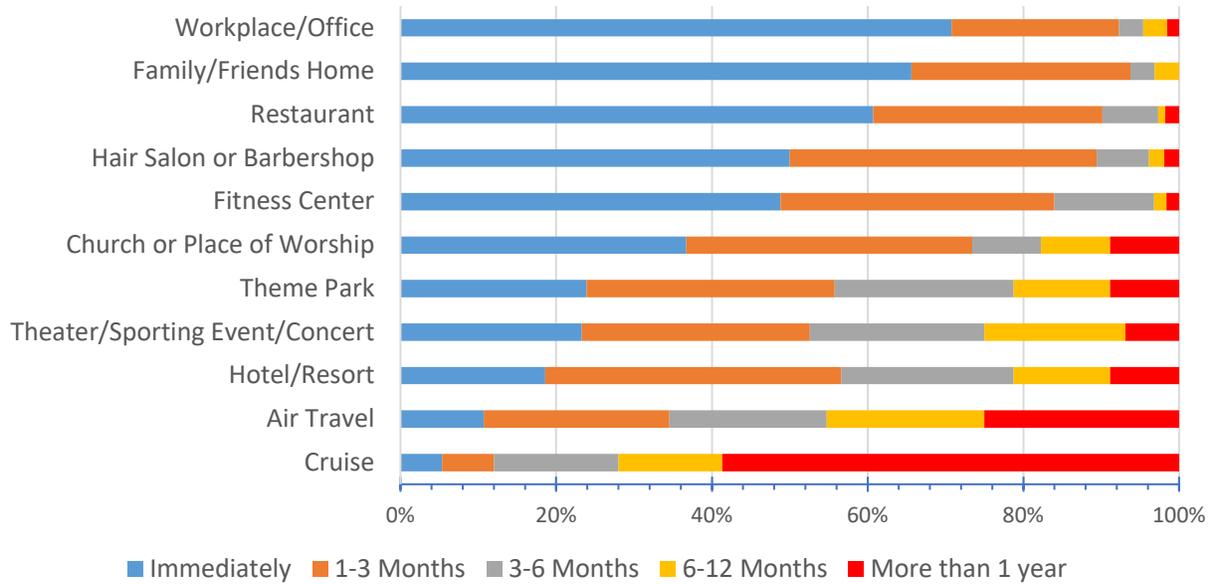
(2) Once the stay at home order in your area is lifted, approximately how soon would you participate in/visit the following places (workplace, restaurant, hotel, etc.)?

We purposely included an N/A selection as one of the choices because, for example, we did not want to count people that are retired and could potentially select 'more than 1 year' when answering when they are planning to return to their workplace, thus skewing the data.

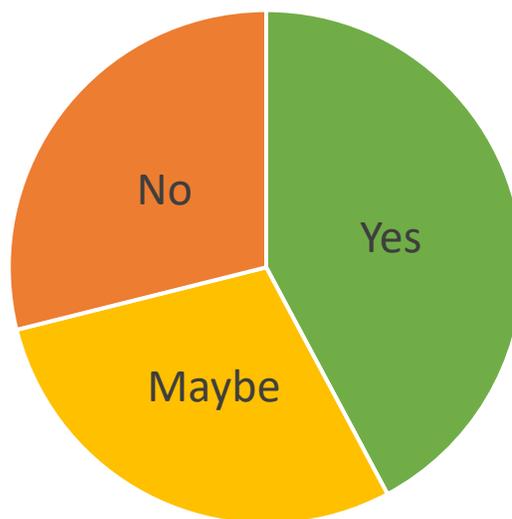


Having this in mind, when compiling the data we excluded all N/A answers and focused on those who presumably were already planning to return to their normal activities at some point in the future. We have provided a breakdown for your review below. Unsurprisingly, it appears that people are hesitant about quickly returning to hotels, airlines, and cruises. About half would wait at least 6 months to fly on an airplane and almost 60% of respondents would wait over a year to go on a cruise.

Engaging with family and friends as well as visiting restaurants appear to be more imminent pursuits.



(3) *Would your answers change once a treatment or vaccine becomes available?*





(4) Do you anticipate making any permanent changes to your lifestyle as result of the Coronavirus outbreak?

It appears most people (61%) are not planning any permanent changes, and many comments reflected that sentiment, saying things like “we will be observing how things are going before we change any behavior” or “all answers are contingent on following the scientific data”.

There were others who expressed concern, saying “Until there is widespread vaccine availability, I will avoid any gatherings that do not require social distancing, period!”

One response sums up the thoughts of many who have been affected by the numerous weeks of social distancing: “I can’t wait to give my children a hug.”

We continue to read the reports of medical experts, communicate regularly with investment fund managers, and adjust our internal models and forecasts as new information comes to light. This survey is another important piece of our data gathering as we seek to provide the best advice possible to our clients during these unprecedented and challenging days. Thank you to all who participated.