

Co_{vid}-Dependent Economy

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I can remember the days when I as a younger advisor would sit in front of the television waiting for Fed Chairman Alan Greenspan to enter the screen and hang on his every word. He was like Oz - pulling the levers creating smoke and mirrors to create the illusion of control. The funny thing, just like Dorothy found out, is that it only worked if we believed it. Looking back when we reveal what was really behind the curtain, it wasn't the Fed that moved the economy...it was us. And, just for the record....Mr Greenspan knew that.

So what about now? When current Fed Chairman Jerome Powell speaks, do we listen with the same intensity? At the conclusion of the latest FOMC(Federal Open Markets Committee) meeting in the last week of July, the Fed issued this statement - "The path of the economy continues to depend on the course of the virus. Progress on vaccinations will likely continue to reduce the effects of the public health crisis on the economy, but risks to the economic outlook remain." What?

Something tells me that Alan Greenspan would not have said it the same way. He may have said something like "The virus will do what it will do. Everyone go get vaccinated and know that we will adjust policy in a robust way to meet the needs of the economy....." Wow what a difference that approach would make. In today's new "Globally Friendly Environment" the Fed seems to operate hedging its bets rather than confronting real economic issues and maybe they have good

reason. But, for the economy to really grind its way through whatever happens in the coming months with the virus Americans need jobs, opportunity, and informational support from our leaders to let us know what is really going on.

The vaccine obviously makes us all safer as individuals and serious complications and deaths are nowhere near the numbers of last year. But, the vaccine may not stop the spread of the virus in the coming months. Recent CDC data is finding that vaccinated persons carrying the virus, although much healthier than non-vaccinated individuals are spreading the new variant as well. Bottom line is that we just need to all be cautious and smart about our behavior until this thing hopefully runs its course. The vaccine has allowed us to get to work, be productive and live our lives with a lot less fear than last year. We all know and feel this as individuals as we go about our day.

So what will our leaders do? Who knows, but if they begin to start shutting down the economy as before (whether it be at the local, state or federal level) it will certainly have ramifications on markets. I hope Mr Powell wasn't softening us up for new government mandates with his comments, but who knows. Passing more stimulus bills and government subsidies may make politicians popular in the short term and allow some to take extended vacations. But, as Oz showed Dorothy, (and Mr. Greenspan showed us) it is our belief and actions that determine the outcome. We are watching closely....

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