



Greetings from Goldenstone!

The US stock market had the best August since 1984 with all major indices positive for the year, and yes, the Nasdaq is up +30% again, after closing out 2019 with +38%. Feel like you missed the market boom? You may not be alone. After the market crashed 38% in 16 days in early spring, and many equated the crisis to the Great Depression, the market has risen more than 55% since the March 23rd low, led by technology, communication services, and consumer discretionary sectors. A new breed of Covid-19 stocks has powered the recovery with the FAANG's now 25% of the S&P 500. Tesla and Apple reach new highs. Is the stock market over-extended and about to crash?

ECONOMIC BAROMETER

• Unemployment	↓
• Retail Sales	↑
• Consumer Confidence	↑
• Housing Market	↑
• US GDP	↑
• Consumer Spending	↑
• Purchasing Managers Index (Manufacturing/Services)	↑

But wait! You can still work this market in your favor. The average stock in the S&P500 is still down for the year. Sectors such as financials, energy, and materials are beat up. Health care stocks may get a boost from the Covid-19 therapeutics and vaccine race. At Goldenstone Wealth Management, we can help you navigate through treacherous markets by staying extremely selective about investment opportunities. We are optimistic regarding the US economy rebound from the disastrous 31.7% GDP decline in Q2. Here is what we expect for the remainder of 2020 and first half of 2021:

- The US economy will see a sharp rebound in late 2020 and early 2021 as vaccines/therapeutics allow people to go back to their lives, with unemployment trending down.
- Election year volatility is around the corner, so put your seat belt on. Expect the worst. A typical year sees at least three 5% pullbacks, and one 10% correction.
- Between the Federal Reserve and Congress, the economy has received a boost totaling \$10 trillion. The Federal Reserve has already declared that rates will remain at zero regardless of past unemployment rate and inflation targets.



- Technology is digitally revolutionizing our economy and lives – so there will be winners and losers. While the impact is hugely positive, there is collateral damage as people move to suburbs, office space remains empty, and brick and mortar stores become zombie businesses.
- In spite of the biggest price the U.S. is paying in the form of Covid-19, we remain more bullish on our own economy/markets, relative to Europe, Japan, or Emerging Markets.
- We expect specific sectors to continue performing, with strong rotation as we emerge from the shortest, yet deepest, recession on record.

History tells us that election years tend to be good for the market and the stock market does especially well if the incumbent party wins (regardless of political affiliation). The damage to corporate earnings from COVID-19 require careful selection in sectors and companies that have solid balance sheets, robust and resilient earnings, and good corporate governance and management. Overall, we expect to put the worst pandemic of our lifetime behind us, shrug off its damaging impact, and move on to a new day in both the economy and the market.

All investment strategies must re-calibrate, re-adjust and rebalance to take advantage of the new opportunities emerging. Don't make mistakes most people make.

Read [HERE](#) for 5 Common Mistakes Investors Make.

CONTACT US TODAY FOR A CONFIDENTIAL AND COMPLIMENTARY CONSULTATION



Sanjay Varshney, PhD, CFA
Principal and Founder
sanjay@goldenstonewealth.com
(916) 799-6527



Andres R. Villegas, CFA
Principal and Founder
andres@goldenstonewealth.com
(915) 726-8262

"Do not save what is left after spending; instead spend what is left after saving." - Warren Buffett



Important Disclosure Information

Goldenstone Wealth Management (“Goldenstone”) is an independent investment management and advisory firm. Please note that the use of the term “registered investment adviser” and description of Goldenstone Wealth Management and/or our advisors as “registered” does not imply a certain level of skill or training. You are encouraged to review our Brochure and Brochure Supplements for our firm’s associates who advise you for more information on the qualifications of our firm and our employees. Advisory services are only offered to clients or prospective clients where Goldenstone Wealth Management and its representatives are properly licensed or exempt from licensure. This website is solely for informational purposes. Past performance is no guarantee of future returns. Investing involves risk and possible loss of principal capital. No advice may be rendered by Goldenstone Wealth Management unless a client service agreement is in place.

The information contained in any third-party resource cited herein is not owned or controlled by Goldenstone. Goldenstone does not guarantee the accuracy or reliability of any information that may be found in such resources. Links to any third-party resource are provided as a courtesy for reference only and are not intended to be, and do not act as, an endorsement by Goldenstone of the third party or any of its content. The standard information provided in this site is for general purposes only and should not be construed as, or used as a substitute for, financial, investment or professional advice. If you have questions regarding your financial situation, you should consult your tax, legal, or investment advisor.