The Milwaukee Company Wealth Management

MEDIA CONTACT:
Emily Willms
ewillms@themilwaukeecompany.com
414.238.3232

FOR IMMEDIATE RELEASE
June 2, 2020

Economic Visibility Improving
But Substantial Risks Remain For Near-Term Outlook

The worst of the coronavirus recession may have passed, but the U.S. economy is still at risk for a slow and uneven rebound over the coming months and perhaps years, says Andrew Willms, president and chief executive officer of The Milwaukee Company, a wealth management firm in Thiensville, Wisconsin.

"Our current base-case outlook is for the economy to bottom in the second quarter and begin recovering early in the second half of 2020," he reports. "That's an encouraging sign, but the data published so far suggest that the resumption of growth will remain challenged by several factors in the foreseeable future."

Investors with a long investment horizon and a high tolerance for risk may want to capture the market's positive momentum until a clearer picture of economic conditions emerges. Willms also advises that more conservative investors, as well as anyone who expects to cash in part or all of their investments in stocks in less than five years, consider limiting their exposure to higher risk investments such as stocks.

"It's tempting to assume that the all-clear signal has arrived by focusing on the rebound in the stock market," Willms notes. "But the market isn't the economy and repairing the damage in the labor market, the business sector and beyond will take time."

Willms believes stocks are responding to the unprecedented monetary and fiscal stimulus and an assumption that the economy will recover quickly. But setbacks in some degree are likely, he reminds, and so the possibility that market volatility could again spike should be considered. If the economy suffers another major blow, the stock market is likely to as well" says Willms.

Regardless of the outlook, Willms emphasizes that every investor's portfolio should be customized to reflect his or her unique circumstances with respect to time horizon, risk tolerance and other factors. As a general rule, however, investors without the patience or ability to stay the course for the long term should err on the side of caution in the current environment, he explains.

"We could be pleasantly surprised in the months ahead, but there are still several risks that can't be ignored," Willms says. "Until a vaccine arrives and is distributed widely, the potential for a second wave of infections in the winter is a real and present danger."

The stock market doesn’t appear to be pricing in these and other risks at the present time, he continues. “If you can’t tolerate the possibility of another round of sharp downswings in the market, or an economy that unexpectedly stumbles with a weak recovery, an investment plan that minimizes risk is still a prudent choice for investors focused on wealth preservation,” Willms says.

“There are green shoots emerging in the economy, but the path ahead could be rocky,” he notes. “If you’re planning on liquidating a portion of your portfolio over the next several years to maintain a certain living standard, now’s a good time to consider lowering equity exposure and cash in to a degree on the rally off the March 23 bottom in the stock market.”

###