



YTD as of 6/30/2020

Alpha Portfolio **-14.08%**

MARKETS

DOW JONES **-9.55%**
S&P 500 **-4.19%**
NASDAQ 100 **+16.46%**
REIT INDEX **-15.36%**
SMALL CAP **-13.57%**
HIGH YIELD **-7.19%**

BOND YIELDS

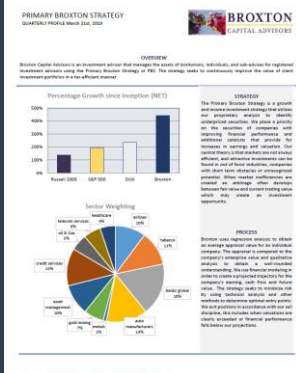
10 YR TREAS **.65%**
YTD CHANGE **-1.27%**
30 YR TREAS **1.41%**
YTD CHANGE **-0.98%**

SINCE INCEPTION

THROUGH DEC 31, 2019

BROXTON **460.73%**
S&P 500 **240.02%**
DOW JONES **274.63%**

BROXTON PERFORMANCE



It looks like the economy stalled in July at a little bit less than 70% of last year's rate. Jay Powell, the head of the Federal Reserve, said Wednesday that the coronavirus case rebound since mid-June is beginning to slow the economic recovery. Jay asserted that the recovery was dependent on the containment of the virus. "On balance, it looks like the data is pointing to a slowing in the pace of the recovery, I want to stress it's too early to say both how large that is and how sustained it will be." This seems a little redundant because the Atlanta Fed GDPNow model has been showing a slightly shrinking economy since early July that coincided with some of the lockdown orders.

Rachel Siegal Wapo: Job gains from May and June came "sooner and stronger" than expected, Powell said. But those encouraging signs were closely followed by a surge in coronavirus cases nationwide. Powell said that at the same time people's lives depend on containing the public health crisis, it is also important to "deal with the economic ramifications." Powell said some measures of consumer spending, based on debit card and credit card use, have moved down since late June. Powell also mentioned recent labor market indicators that are pointing to slower job growth, especially for smaller businesses. Hotel occupancy rates have flattened out, Powell said, while Americans are not going to restaurants, gas stations and beauty salons as much as they had been earlier in the summer.

Chairman Powell then commented that they were ready to keep interest rates at 0 for the foreseeable future. This caused an immediate drop in banking stocks due to computer attacks. However, the banks are not affected by lower rates anymore because almost all of the loans have floors set that do not allow interest payments to fall below a certain level. So we will be waiting for the recovery a little longer.

Sweden took a different approach to the lockdowns by not having any. The Swedish strategy allowed people to keep living largely as normal. Stores and restaurants remained open – so too did many schools. Forbes: "As governments around the world were ordering citizens to stay home beginning in March through the end of April, the Swedish approach was far more muted. High schools and universities closed, but younger children stayed in school, shops stayed open and Swedes were encouraged to socially isolate and stay a few feet away from each other, but to do so voluntarily." This did not seem to benefit Sweden economically though. They experienced about the same downturn in economics as their neighbors.

Kodak (KODK): The film company surged higher when the U.S. government announced the company won a \$765M government loan under the Defense Production Act to help make chemicals used in drugs which we now buy from China and India. This shot the shares from \$2 briefly up to \$60 after 6 or 7 trading halts. The shares drifted back to \$22 by Friday!

Broxton Capital Advisors

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www.broxtoncapital.com 310 208 2151