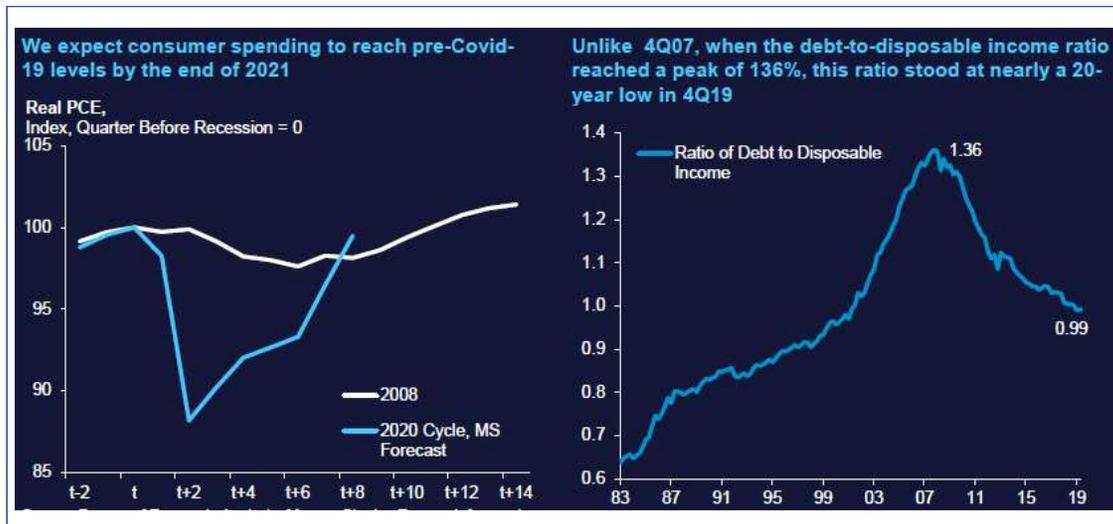


# Market Recap

## Reasons For Optimism: Shifting Behaviors



Source: Morgan Stanley

## Invest Today, Profit Tomorrow?



Source: Bank of America, Bloomberg

**HARBOUR CAPITAL ADVISORS**

Although the economic contraction from Covid-19 is deeper than that experienced during the 2008-2009 Global Financial Crisis (GFC), a healthier consumer may tee up the U.S. economy up for a swifter recovery. Both retail sales (+17.7%) and personal spending (+8.2%) reports showed marked improvement in May, rebounding from historic declines in March and April. While this bounce back likely reflects an unleashing of pent-up demand, a continued fall-off in personal income (-4.2%) has tempered economists' expectations around the sustainability of May spending levels. The good news is that household balance sheets are in far better shape than during the GFC, as the scars left by that recession have shifted consumer attitudes towards excess borrowing. It remains to be seen whether the current environment will push the pendulum even further.

Professional investors understand that for an investment to thrive, portfolio companies must consistently reinvest in their business. Such business investments most commonly take shape in the form of R&D and capital expenditures. These activities not only bolster jobs and profits, but they also foster a positive feedback loop in the broader economy via improving worker productivity. The current pandemic has disrupted global supply chains for many corporations. In the wake of this black swan, many companies are likely to consider moving supply chains closer to home. A reacceleration in onshore investments would create jobs for domestic workers and reduce reliance on overseas economies. However, it's unclear whether such moves will ultimately have a larger impact on GDP or inflation.

06/26/2020

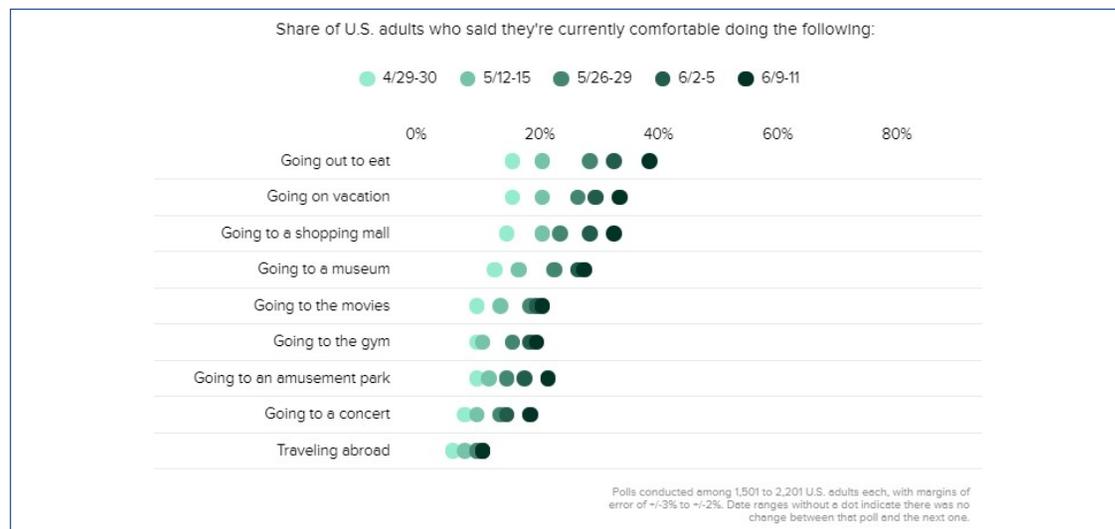
# Market Recap

## Buy or Rent?



Source: Calameo

## Re-Opening: A Gradual Process



Source: Morning Consult

Homeownership, with the promise of both economic and intangible benefits, is often framed as a cornerstone of the American Dream. In reality, however, there are real tradeoffs between buying vs. renting a home, and there is no one-size-fits-all answer. For instance, renting may be more appealing for some as landlords are responsible for ongoing property maintenance. With certainty around cash outflows from month-to-month, renters can more comfortably deploy money to elsewhere (e.g. liquid investments). On the other hand, the most frequently cited benefit of owning a home is building equity within the property, gradually building wealth over time. Whether planning to rent or buy, it's important to consider individual circumstances to help solve the buy vs. rent question.

Consumers are taking their time with resuming many activities considered normal before the quarantine. Although the weather is warmer and restaurants are now offering both dine-in and outdoor seating, only 40% of consumers are comfortable eating out. Previous staples such as gym exercise, visiting the cinema, going to a concert, or even shopping in the mall now elicit fear among most people who prefer to stay home. Nonetheless, people have been slowly becoming more comfortable with resuming mundane behaviors that were prohibited by the pandemic. However, some states have paused their reopening plans given rapidly increasing cases in places such as Texas, Arizona, and Florida. While governors can reopen a state, staying open and building confidence to encourage consumption will prove far more difficult.

**Contact:** If you have any questions or comments, please do not hesitate to contact us at 703.992.6164. For more information about Harbour Capital Advisors, please visit our website at [www.harbourcapitaladvisors.com](http://www.harbourcapitaladvisors.com).

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