



August 2020

2020's Wild Ride: Blame It On Technology

2020 has been a wild ride thus far, and this mid-year recap reminds us of just how wild.

What's Happening

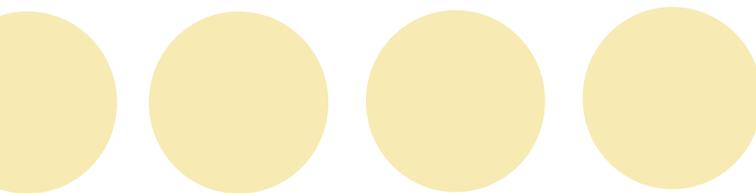
You may have noticed that tech stocks are going crazy, IPO's are on fire, and retail day-trading is going bananas! People are proclaiming we've entered into a 'new' economy, and Warren Buffet is being mocked relentlessly. Value stocks are getting crushed by growth stocks, and small cap stocks are getting left in the dust by large cap stocks...

This is a description of what took place during the insanity of the late-90's dotcom bubble—and *also what's happening in 2020!*

The difference is that, this time around, it's not happening during one of the biggest economic booms in history, rather during a pandemic where millions of people have lost their jobs and thousands of people have died. Just a decade after the Great Financial Crisis, we're witnessing an economic crisis that dwarfs it. And a tech-stock day-trading boom in the midst of an economic crisis and pandemic isn't even close to the only new cycle seen this year.

Mid-Year Recap of 2020:

- We saw the fastest bear market from all-time highs to a 30% loss in history
- Oil prices went negative
- Mortgage rates are at record lows
- Gold is breaking out to new all-time highs
- Long-term government bonds are up more than 30%
- The real estate market is entering beast mode
- Trillions of dollars in monetary and fiscal stimulus came online in record-breaking time
- Millions of people were forced to work from home all at the same time
- Ecommerce experienced a decade's worth of growth in the span of 3 months





Blame It On Technology

The reasons for all these wild happenings during the same year are obvious but the biggest reason these things are happening so fast is because *technology is speeding up the pace of everything*.

Everything is instantaneous now — good news, bad news communication channels, socializing, the spread of information, market moves, trading, buying stuff, television, movies and the list could go on. Almost every choice you make these days is a snap decision because there is always something else competing for your time.

People would have been bored if this type of shutdown would have occurred in the past, but the technology didn't exist where you could simply trade stocks on your phone with the swipe of a finger. And people surely would have kept buying necessities in the past even during a pandemic, but it would have been impossible to keep buying so many material goods without Amazon shipping them to your door in less than 24 hours.

The real estate market would have been ground to a halt had this happened in the past, but you can now look at thousands of homes from the comfort of your sofa, so the housing market is doing better than ever.

Technology has removed so many frictions people throughout history have had to deal with that it's *amplifying human nature*. We are still the same emotional beings we've always been, but now those emotions aren't given a chance to breathe.

Technology is both a blessing and a curse. It makes our lives easier and more efficient in countless ways, but it also invites misinformation, irrational exuberance, and the spread of emotional responses at a frightening pace.

Technology has the ability to shrink cycles into months or weeks that would have taken years or even decades to play out in the past.

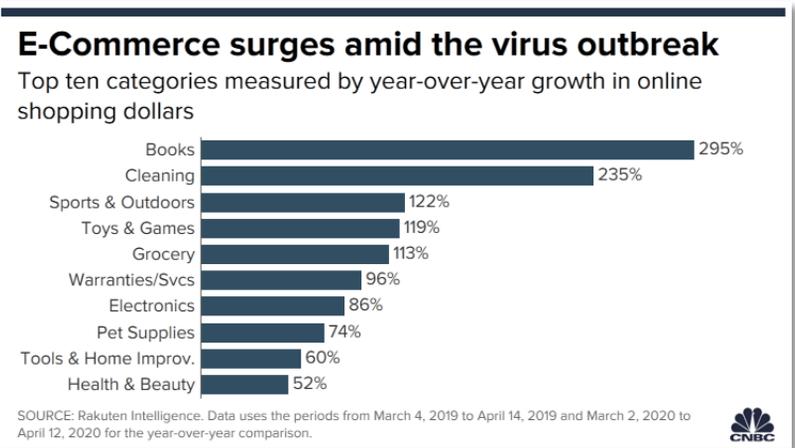
The only thing that rhymes when it comes to history is human behavior. But that behavior is now happening at a breakneck pace because technology has sped up nearly everything we do.

Patience is a virtue no one has time for anymore.

CHARTS

E-Commerce Surges Amid Virus Outbreak

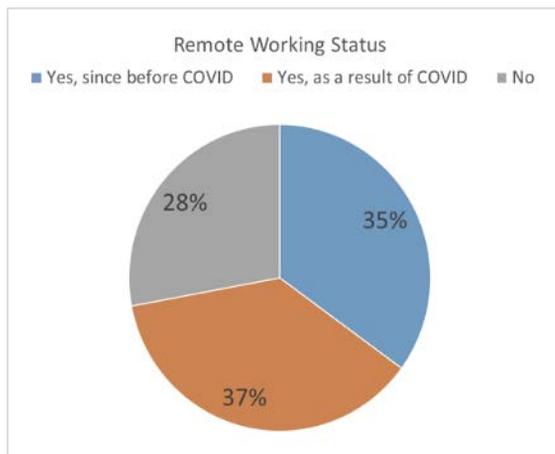
E-commerce spending in the U.S. was up more than 30% from the beginning of March through mid-April compared with the same period last year, according to market research firm Rakuten Intelligence. That is significantly more growth — about 50% more — than the annual 20% growth in online shopping the firm has become accustomed to seeing in recent years, with many shoppers having shifted their focus to entertainment products such as books and games as they adjust to the new normal of life in quarantine.



<https://www.cnn.com/2020/04/19/coronavirus-what-americans-are-buying-online-while-in-quarantine.html>

Four in Ten Americans Work Remotely As a Result of Coronavirus

While the practice of working from home had been trending over the past 10 years, the pandemic and business lockdown of 2020 have accelerated this growth by necessity. While 35 percent of consumers worked remotely before COVID, 37 percent reported shifting to remote work as a result of the pandemic.

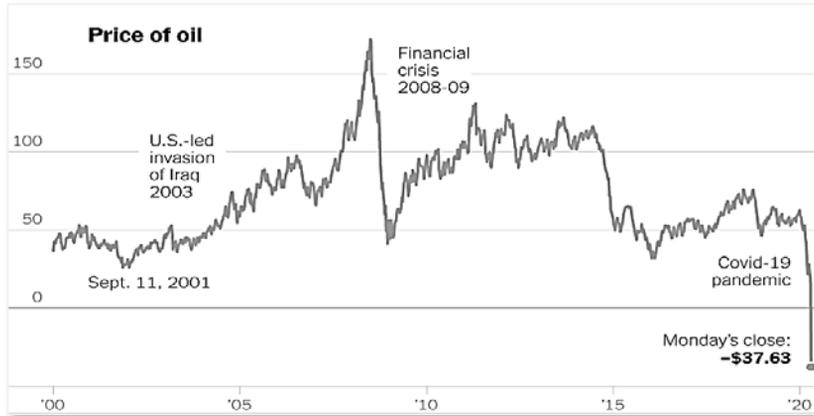


<https://www.realtor.com/research/tag/work-from-home/>

CHARTS

Too Much Oil?

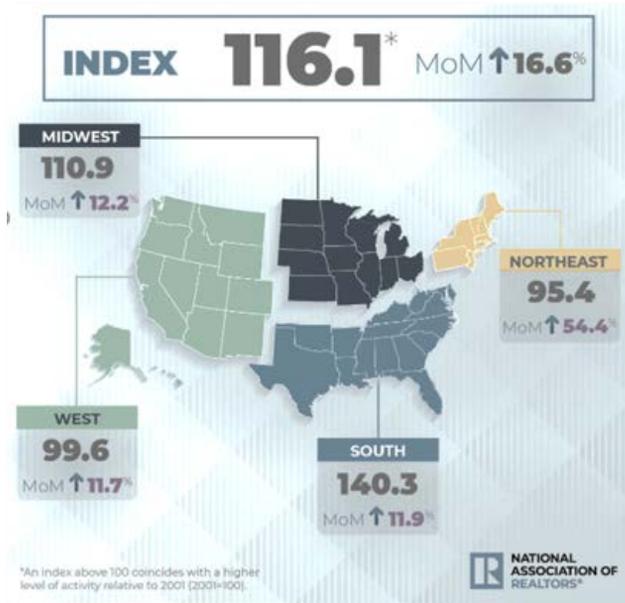
The chart below illustrates how a barrel came to be worth less than nothing in April, signaling an inability to store all the crude the world was producing but not using.



<https://www.nytimes.com/2020/04/20/business/oil-prices.html>

Surge in Home Sales: +16.6%

New home sales surged 55 percent year-over-year in June, an increase not seen since the height of the housing bubble in 2005. As the chart below illustrates, all four regions of the country experienced growth in month-over-month pending home sales transactions, while the Northeast was the only region to not record increases in year-over-year pending transactions.



<https://www.nar.realtor/infographics/pending-home-sales-snapshot>
<https://www.livabl.com/2020/07/us-new-home-sales-soar-55-percent-june-2020.html>