

Weekly Commentary with Professor Jeremy J. Siegel

Will March Lows Be Broken?

Monday, 11/5/2020



Jeremy Schwartz, Executive Vice President, Global Head of Research for WisdomTree, hosts a weekly discussion with Professor Siegel, typically on the Wharton Business Radio podcast. The notes below summarize their conversation along with further commentary and context.

The employment report was generally as horrendous as expected—20 million job losses and an unemployment rate of 14.7%. Just a few weeks ago, we had unemployment at the lowest level in 50 years and now we are at 80-year highs. But this report is completely backwards looking and does not represent what is happening looking forward.

Professor Siegel is focused on the infections and treatments for the coronavirus to give an indication of how we can open the economy. These trends continue to paint a hopeful picture. There have been extraordinary developments for a vaccine by Moderna—which received approval for a second phase of a trial—and it could have a final phase by the summer.

Professor Siegel is also looking around the world and sees cautious openings in many places. Disney opened in Shanghai—at 30% of normal capacity—but tickets sold out in 3 minutes. This shows enormous pent up demand and how people want to get out of their houses. While many will be cautious and want to stay home, there are people who want to get back out. There has also been extremely good demand for tickets for NFL games, as the League announced its next season last Thursday. These signs of confidence are encouraging.

We had another release in money supply data—it was not up as much as the previous few weeks, but now the total increase in money supply over last 6 weeks is up to 19%—the biggest increase in this short a time in the post World War II period and far bigger than the 1-year following the Lehman bankruptcy. Liquidity is flowing into the system and Professor Siegel believes that next year could be a surprisingly good one for equities. If the virus does not return in the fall with a vengeance and we are not bereft of treatments, then Professor Siegel is confident that the March lows will not be broken.

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