

Hello Everyone,

"The rich get richer and the poor get poorer."

Poet and author, Percy Bysshe Shelley.

The above quote apparently holds true for stocks as well. Look at the headline below:

Goldman Sees Imminent "Momentum" Crash As All S&P Gains Come From Just 5 Stocks

That headline doesn't mean 1929 is upon us. It should, however, give us pause that five (!) stocks account for 22% of the market capitalization of the S & P 500. We have never seen such concentration of wealth in such a small group of American companies. The rich get richer. 1929 would blush.

Moving on...

Today's missive takes us to Stage Seven of the ***Eight Stages of Crisis...Disillusionment***.

Despite its name, the **Disillusionment Stage** can be very beneficial for a society.

I hope this series is providing a framework from which you can see how the Covid19 crisis is playing out.

Signed, Your You-Can't-Just-Clap-Off-Then-Clap-On-A-Global-Economy Financial Advisor,
Greg

PS The five stocks are Microsoft, Apple, Amazon, Alphabet Google), & Facebook. Only one makes a product you can hold in your hand.

KKOB 04.27.2020 Eight Stages of Crisis Part

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Bob: So, Greg, I heard you joking with Francina that by the time you finish this series we will finally know who shot JR.

But, we're getting close! Today we're on stage seven of the ***Eight Stages of Crisis***. Right?

Greg: Right. And, spoiler alert...Cliff Barnes didn't shoot JR.

Anyway, on Friday we talked about Stage 6, ***The Cliff***. And, we warned--- you never want to get to that stage because it's there that things tend to spin out of control.

That chaos then leads to Stage Seven which is---- ***Disillusionment***.

It's here, past illusions are shown to be false. Disappointment overwhelms a society. Hopes may rise for a while... but are then crushed.

And, Bob, the more government (and authorities) try to help, the worse things seem to get.

Bob: I know when that happened. The Great Depression. Some people say the second half of the Depression was worse than the first--- because it seemed never ending. The economy or the stock market would start to pick up...and then it would roll over again and again.

Greg: Exactly. It's during this time a lot of soul searching goes on. Old values get tossed aside. Behaviors that were previously consider cool are now deemed silly and frivolous. Just think of how fast the flappers and the Charleston of the 1920's were rejected. Hungry people don't have time for that.

And, Bob, for our Covid19 era, it wouldn't surprise me if selfies, taking pictures of your food, and debating whether there are 84 or 85 genders all go by the wayside should we end up in the

Disillusionment Stage.

Bob: I'm not sure that would be so bad. I'm kind of tired of all that stuff myself.

Greg: I agree, but this is a financial report, so I probably shouldn't have gone there. Sooo...moving on.

In the ***Disillusionment Stage*** old institutions are rejected and scrapped. Respect for authority falters. Civil unrest and riots become routine. The response by the authorities is usually more oppression. That leads to more civil unrest.

Thus, you end up with spiraling tensions. Societal, governmental, and cultural divisions grow. People turn on each other.

With respect to today, I wonder if we are seeing a preamble to this now. Currently, the protests against the lockdown are pretty benign. You see people with funny signs, American flags, and a lot of smiles. Should the ***Disillusionment Stage*** really grip, however, those protests tend to turn dark.

Meanwhile on the other side of the picket line, divisions also occur among police, sheriffs, and National Guard. Some enforcement officials want to side with the people. They cite their oath to the Constitution as their authority. Others, however, side with the powers-that-be. They cite loyalty to the chain-of-command. And finally, there are also those with no ideological bent. They are only loyal to their paycheck. *“Just doing my job, ma’am.”*

Bob: I can see all of this possibly coming. So, this is why – on Friday—you were so concerned about us going over *The Cliff* in Stage 6. Once that happens, disillusionment, division, violence, and a lot of other bad stuff seems likely to follow.

Greg: History supports that premise. With that said, however, out of the *Disillusionment Stage*, good things can also arise. I mean, not everything in the past era was worth saving. People become more willing to stand up against corruption and graft. No one accepts phrases like, *“Well, that’s just the way things work around here. There is nothing you can do about it.”*

A new order begins to emerge. There are vows of *“We will never let it get like this again. We will be better. We will build a better society based on honesty, faith, and integrity. Not everything should be about making money.”*

Bob, when you reach this part of the *Disillusionment Stage*, you are then ready for Stage Eight. *Rebuilding*. And, we’ll pick up on that theme on Friday. Oh, and another spoiler alert...the *Rebuilding Stage* is fraught with both opportunity and danger.

Bob: That sounds like another *“Who Shot JR?”* tease. By the way, who did shoot JR? And how do people reach you?

Greg: I can’t tell you. Ask Francina. And my number is 250-3754. Or, go to my website at zanettifinancial.com.

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