

Today the markets started off on the wrong foot with the S&P 500 down over 100 points at the open on concerns about the Coronavirus.



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MARKET BRIEF

Today, the markets started off on the wrong foot on concerns about the Coronavirus, and the S&P 500 closed down nearly 112 points¹ on the day.

For context, the Coronavirus has been making headlines for about one month. The S&P 500 made an all-time high close of 3,386 on Wednesday² and was up almost 2% since the headlines became more prominent.

Today, the market sits about 5% below the all-time highs and about 2.5% lower than a month ago when the virus started making headlines. So, the actual damage to the markets has been fairly minor with a proper perspective taken into account.

Where do we go from here? That is the big question.

Clearly the U.S. markets are still very close to all-time highs and essentially flat year-to-date. I am not an infectious disease doctor or pandemic statistician, but even those professionals don't know what the outcome of the virus will be.

The China data is suspect at best. The data coming out of South Korea and Italy suggest that the virus should not be taken lightly. Whether it morphs into a true pandemic or not is unknown. If something

turns the tide on the virus shortly, the impact is probably manageable, and the markets will probably move on in short order. However, we can't control the virus. What we control is how much risk exposure we have to the equity markets.

As illustrated in the opening paragraph, the market is down hard today. However, it is down very little relative to all-time highs or the lows of 11 years ago. If you have been having any concerns over the last year plus about whether you are taking on too much equity risk, perhaps it is a prudent time to ask your advisor about opportunities for reevaluating your equity exposure.

Having said that, the markets still haven't priced in too much concern about the virus overall.

A handwritten signature in black ink that reads "Kevin Churchill".

References:

¹ <https://www.marketwatch.com/investing/index/spx>

² <https://www.marketwatch.com/story/dow-futures-rise-as-china-pledges-to-stimulate-coronavirus-hit-businesses-2020-02-19>

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