

## Stock Market Update

March 22, 2020

### **What A Month!**

On February 19 the stock market had reached an all time high and the economy was firing on all cylinders. Then the butterfly flapped its wings and we found ourselves dealing with the coronavirus, a stock market that has lost nearly one third of its value and a world turned upside down.

### **Too Much Information**

We are all sitting at home flipping through the news channels trying to get clarity on the whole situation. Let's not lose sight of the fact that news channels are in the business of attracting viewers and selling advertising and nothing sells like fear. Panic is more contagious than the coronavirus.

Yesterday I heard that it is estimated that next week's unemployment report may post 2 million jobless claims. Should that really come as a surprise? Everyone is sitting at home! This is obviously an anomaly that will reverse itself. Between the mainstream media with what's being posted on social media we are all to a point of over stimulation.

### **Try to Stay Calm and Focused**

It is human nature to extrapolate the bad news that we are hearing into the future. It is natural to believe that what is currently happening will continue. Of course no one can predict the outcome just as no one really saw this coming. However, things are rarely as good as they appear and things many times are not nearly as bad they appear. We will return to a normal world.

As for the stock market this past month, it looks like it will never stop falling. Although I nor anyone else can predict the bottom, one thing I am fairly sure about, the market will begin rising long before the news is good.

A good lesson can be learned from the financial crisis of 2008-2009. The market dropped 57% from January 2008 through March 9, 2009. Then on March 10 the market rose 7% and continued higher with few interruptions for the next 11 years. The headlines were still dire. But the market, as it usually does, was looking ahead to a brighter future. Just as no one saw this coming, the same will happen when the market reverses.

One thing is for sure. We are all in this together, it does not matter who you are. In some ways that may be a good thing. It puts us all on a level playing field and creates some much needed humility.

Please do not hesitate to contact us if we can help you with anything.

Stay Safe.

Best regards,

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