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Coronavirus and The Stock Market

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On February 19, the U.S stock market set an all time record high. Since then it has declined nearly 13% in less than two weeks. I believe that it is not the actual number of coronavirus cases or even deaths that have contributed to the decline in the market as much as it is the way people are reacting to the news. Even though the number of cases is relatively small, the public reaction is magnifying the effect on the financial markets. Although cases in the U.S. are relatively few, Americans are boycotting Asian American businesses, avoiding crowded venues and postponing even domestic travel plans. The fear, while it lasts, is having an economic impact that is real. The media would have us think the world is coming to an end. It seems to me as though the reaction surpasses the actual issue.

So what do we do, or what action do we take? We have lived through these types of frightening events before: The Stock Market Crash of 1987, the terrorist attacks on 9/11 and the financial crisis of 2008-2009. All three of these events were equally unnerving. And in each case the best course of action was to sit tight and do nothing. The worst action for an investor to have taken was to sell into the decline and lock in permanent losses. Following every previous severe market downturn, the markets always recovered relatively quickly.

Unfortunately we live in a world where the media sensationalizes and over reports headlines. And in today's information age, everyone is checking their portfolios on their phones or computers continually. This only serves to magnify investors' emotions.

I will be reaching out over the next several days to review any questions you may have about your investments or concerns with the market volatility You can always reach me by email or phone at (216) 539-8444.

Best regards,

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