

SPECIAL MARKET UPDATE



Austin L. Peterson, CFP®, CLU®, MBA | February 25, 2020

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Over the past few days, global markets, both equity and fixed-income, have experienced considerable volatility. Stocks around the globe declined as news of the emerging, rapidly evolving spread of the novel coronavirus gained momentum moving from China to South Korea, Iran and Italy. The Federal Reserve responded with concerns that the virus would slow economic growth by affecting the global supply chain.

At the close of trading on Monday, February 24, the Dow Jones Industrial Average fell just over 1,000 points. In reaction, investors moved money into bonds under the premise this action would be a safer place to house their assets. This movement of money pushed the 10-year Treasury toward record lows.

Unfortunately, epidemics have been with us throughout history and are not uncommon. There have been several that captured media and market attention, including SARS, Swine flu and the Ebola outbreak just five years ago. It is important to remember that today is far different than the distant past. Much of the world now has a robust health infrastructure to monitor and react to disease like the Centers for Disease Control and the World Health Organization.

Swift and strong stock market reactions to unsettling events are also not uncommon. While a market decline grabs headlines, perspective is helpful here as well. You deserve better than knee-jerk reactions. While a 3% decline in one day is significant, it pales in comparison to the powerful returns last year yielded. Volatility is a part of investing. The key is to be aware of risks and build portfolios in anticipation of volatility, not in reaction to it. That is a core principle of our mathematical approach in being stewards of wealth.

It is possible that the uncertainty around the virus outbreak will be with us for some time. However, it is important to maintain long-term perspective when macroeconomic concerns impact market performance. We care deeply for the impacts the novel coronavirus is currently causing to people around the globe but are dedicated to rational examination and discipline as our most-powerful tools for long-term perspective. That is our commitment to you.

If you would like to discuss your portfolio or just talk, we are here.

Sincerely,

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