



Weekly Market Review

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The Week Ending March 21, 2020

As coronavirus fears continued to rise around the globe, the stock market continued to decline. Last week's 15% decline in the S&P 500 Index marked the worst week since the Financial Crisis in 2008. At this point, two measures are being followed closely as to when we might hit bottom. The first measure would be a slowdown in the spread of COVID-19. Second, fiscal measures need to be approved by Congress to directly help struggling sectors of the economy. Unfortunately, as of Sunday night, neither of these measures are showing positive developments.

Last week, oil posted its worst week since 1991. Even among the sharp decline, volatility was the theme of the week. Surprisingly, oil had its best day ever last Thursday, directly following the third-worst day on record, and it finished the week with another double-digit down day. Much of the selloff is due to the economic uncertainty surrounding coronavirus and the slowdown in business activity. However, one of the most significant factors leading to the dramatic decline in prices is the price war between Russia and Saudi Arabia. As profit margins for those countries continue to decline, it is expected that the two countries will go back to the table and make some type of agreement on production. Hopefully, an agreement will provide a floor for oil prices and maybe even a bit of a rebound.

As markets decline, we still do not have an inside look at how fundamentals are being impacted. This began to change last week with the release of initial jobless claims or the number of Americans filing for unemployment benefits for the first time. Claims last week marked the biggest weekly jump since 1967, bringing weekly claims to the highest level since Hurricane Harvey hit the Texas and Louisiana areas in 2017. So, this is not uncharted territory; we may have gotten to this level quickly, but we have been here before and were able to recover. I would expect things to get worse before it gets better this time around, but just like many times previously, we will see this turn and provide investment opportunities.

We are currently bombarded with negative news and depressing outlooks, such as unemployment is going to skyrocket, or U.S economic growth is going to plummet. While there may be some truth to these outlooks, most extreme predictions never come to fruition. Every year since the Financial Crisis, it has been predicted that "this is the year" for another bear market. Believing every prediction would have resulted in missing out on an eleven-year bull market. Trust the process, have a long-term mindset, and we will get through this rough period as well.



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