

It's a War Against COVID-19
March 16, 2020



Monday marked the worst day on wall street since the 1987 market crash. The S&P 500 closed today at the lowest level since December 2018. The Dow Jones Industrial Average ended the day at its levels not seen since early 2017. Today's 12.9% drop ranks second-worst in the index's history – only the October 1987 plunge of 22.6% was worse. We've written previously that the sharpness of the decline is breathtaking and painful.

Investors have never liked uncertainty, and in this current battle with COVID-19, there seems to be very little information to rely on. Public health experts and government officials have adopted an attitude that if you think you are going overboard in your reaction to this situation, then maybe you are doing enough. Not words to calm a troubled heart. Investors need to gain confidence that public health officials are not only taking the right steps, but that government policy, corporate and citizen actions and central bankers line up to do their part. It appears to be the path to seeing light at the end of the tunnel.

When you have a challenging and illusive enemy then you have to go to "war". In brief, here is some of the ammunition that, public health officials, government and corporate leaders, health care professionals as well as central bankers are employing to fight this battle.

- Federal Reserve slashing interest rates to near zero as was done in 2008 and announcing a \$750 Billion asset purchasing program, otherwise known as quantitative easing.
- Public / Private partnerships that has resulted in fast tracking a new test that shortens the testing time. Engaging retailers and other corporate citizens to distribute the testing, and tapping technology titans to engage in remediation strategies.
- Hardening social distancing protocol by reducing the number of people for gatherings to 10, avoiding discretionary travel and not eating at restaurants and bars.
- Declaring a national emergency and freeing up disaster relief to help support and coordinate local, state and federal efforts.
- Fiscal spending bills crafted quickly between Democrats and Republicans to address immediate cash crunch of millions of people and businesses.
- Forming strategies to help companies contend with spending grinding to a halt, supply chain disruptions and damaged consumer confidence.
- US Treasury Secretary declaring that they will maintain liquidity in the system

In the end, the country is mobilizing into a war footing against COVID-19. We have said previously, that we believe in this country's institutions. Certainly, these actions are not without cost, and sacrifice, but this country has a history of winning when it lines up together.

