

Managing Through the Coronavirus Crisis

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Part 1: What's happening?

The current market distress is most directly related to the uncertainty surrounding COVID-19, as these known unknowns create market volatility (and losses).

- The WHO has characterized the outbreak as a pandemic
- At this time, there is no vaccine to protect against COVID-19 and no medications approved to treat it
- As of March 20th, 2020, there are over 14,000 cases and 200 deaths in the USA
- A path forward will require at least one of these three things: sustained decrease in cases, sustained decrease in deaths, or creation of an effective and trusted vaccine

Part 2: How does this compare to 2008?

That financial crisis was a period of great uncertainty where both the short- and long-term behavior of the markets and economy were mysteries and required remedial measures for years after. In the worst case scenario the current crisis may have similar challenges.

- Investors are largely responding to headlines, which causes significant market volatility as each day brings different news from the day before
- Volatility in U.S. stocks surged to a record after indexes suffered the biggest one day rout since 1987
- Jobless claims hit a two-year high on March 19th at 281,000 (indicators suggest this number could grow to 2,000,000 before this is all over)
- Goldman expects GDP to contract in the first half, and for Q3 and Q4 to be positive

Goldman's revised GDP forecast

2020 quarterly GDP growth, based on Goldman Sachs forecasts



Source: Goldman Sachs



Part 3: There is a path forward!

Try not to focus on short term gains that could easily be lost in a day of volatility, instead, focus on protecting long term gains. Avoid fear-based decisions and trust your financial plan

- Focus on tax planning opportunities such as Roth conversions, tax loss trading and bargain shopping