

Thursday, February 6, 2020

Good Afternoon,

Stocks sold off sharply last Friday as fears over the coronavirus swept across global markets. As China was placing cities in quarantine and several airlines cancelled flights to and from China, uncertainty about the how far the virus will spread and the potential impacts to world economies had investors selling stocks across all sectors. While the virus itself is more dangerous to the elderly and infirmed, the "young and vigorous" US equity market has proved particularly quick to recover with a very strong rally mounted this week - implying Friday's market action was just a sneeze.

As we try to sift through the possibilities of the coronavirus impacts, it is clear that China will feel the brunt of the economic damage, for now. China has just announced it is cutting retaliatory tariffs put in place in response to those imposed by the US last year. Is the virus already causing economic pressure in China? It is likely that Chinese leaders are very concerned and may be more anxious to encourage further trade agreements. It's a very interesting perspective and may play to the advantage of the US in negotiations.

It has been a week of major news events including the passing of the BREXIT deadline, the impeachment trial, the Iowa Caucus debacle, the State of the Union address and the Fed meeting last week that left interest rates unchanged. Throw in the Super Bowl and it all just seems a bit overwhelming. The US political scene is hyper-partisan and it's only going to get worse as the Democrats work through their nomination process. Did I mention this lousy weather? Seems like a good time to turn off the TV and read a book.

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As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Have a great weekend,

*Wade*

Wade A. Sarkis, CFP®, AIF®  
Managing Partner  
Canandaigua Financial Group  
45 Ontario Street  
Canandaigua, NY 14424  
(585) 396-2720

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