



At Crew Capital Mgmt., we wanted to reach out to you today and assure you we are watching the investment markets closely. As we study the market implications of the corona virus, it is important to note that this is not the first such sell-off we have seen. In late January, the S&P 500 saw a +/-3% pullback as reports of the virus spread first hit. However, the index then surged to new all-time high levels, recovering those losses and more.

While, at this point, the market and economic impact of the virus outbreak are a “known unknown”, historically similar events have tended toward minimal long-term market impact. Two recent examples include Ebola in 2014 and the SARS outbreak in the early 2000s. This corona virus appears to be less deadly than the common influenza (the flu) virus. However, transmission risk among humans of this new corona virus is less understood.

While near-term economic demand is likely to be displaced and company supply chains may be disrupted, in the longer term, the economic impact from this type of event generally sees a delay in growth, not a derailment. We caution against overreacting to news headlines from a portfolio standpoint, and we believe near-term volatility may create buying opportunities for long-term investors.

Sources: Morgan Stanley Wealth Management, Wall Street Journal, CNBC, Fox Business News, Crew Capital Mgmt.

