



INCISIVE INVESTOR

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WEEK IN REVIEW

STOCKS SUFFER BIGGEST WEEKLY FALL SINCE 2008

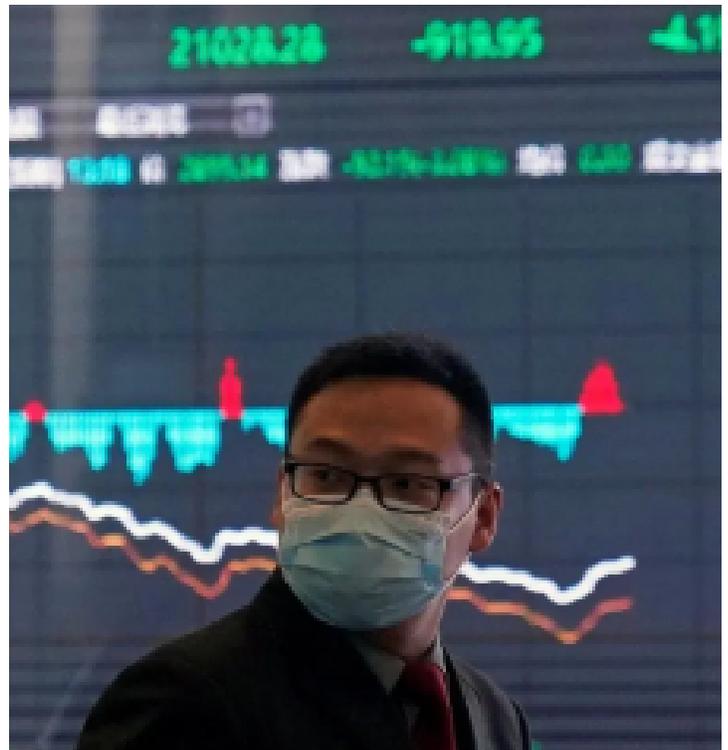


Stocks closed mostly lower Friday, but off session lows, while recording their worst weekly slide since October 2008 amid intensifying fears over the potential degree of damage the spread of COVID-19 will inflict on the global economy and supply chains.

The Dow Jones Industrial Average DJIA shed 357.28 points, or 1.4%, to settle at 25,409.36, while the S&P 500 SPX dropped 24.54 points, or 0.8%, to end at 2,954.22. The Nasdaq Composite Index COMP gained less than a point to finish at 8,567.37.

All three U.S. benchmark stock indexes closed in correction territory Thursday, defined as a decline of at least 10%, but not more than 20%, from a recent peak.

For the week, the Dow fell 12.4%, the S&P 500 lost 11.5% and the Nasdaq shed 10.5%.



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Fiscal and monetary policy responses likely

As the coronavirus outbreak spread well beyond China's shores this week, the odds of global policy response has risen. Late this week, former US Federal Reserve chair Janet Yellen warned that the coronavirus, known as COVID-19, could throw the US into recession, while former Fed Governor. The markets are already pricing in around 80 basis points of easing by the end of 2020. However, ECB President Christine Lagarde said Thursday that the virus is not yet at a stage that requires a response.

President Donald Trump named Vice President Mike Pence to lead the government's response to the coronavirus threat while asking the US Congress to appropriate \$2.5 billion to fund the government's countermeasures.

Worldwide, the number of coronavirus cases exceeds 82,000 with around 2,800 deaths reported. Late this week, the number of new cases outside China exceeded the number of new cases inside the country.

Lowered earnings expectations

A major contributor to the rally that lifted US equities to record highs little more than a week ago was the expectation that S&P 500 earnings per share would grow approximately 8% this year. Now, expectations are falling dramatically as the spread of the coronavirus creates headwinds to global growth and

supply chains remain disrupted. As a result, multiple companies this week downgraded or withdrew their earnings guidance for 2020.

Goldman Sachs estimated that 2020 S&P earnings will be flat, and now forecasts 6% growth for 2021. Goldman also cut its Q1 US GDP forecast to 1.2% from an earlier 1.4% forecast. On Thursday, the US Bureau of Economic Analysis reported that the US growth rate was unrevised at 2.1% in the fourth quarter.

Sanders leads delegate count



In the US presidential election, Vermont Senator Bernie Sanders leads the Democratic primary delegate count leading up to the 15 "Super Tuesday" primaries next week, where about 38% of pledged delegates to this summer's nominating convention will be chosen. Sanders, who lost the 2016 Democratic nomination to former Secretary of State Hillary Clinton, is expected to build on his delegate lead. Betting odds give the senator about a 54% chance of securing the nomination. Former Vice President Joe Biden has the second-best odds, with around a 23% chance of being his party's standard-bearer.

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HEADLINERS

Since posting an all-time high just last week, the S&P 500 index has experienced the fastest 10% correction from a market peak on record, just 6 days.

While the dollar is generally viewed as a haven in times of market stress, a jump in volatility has prompted traders to unwind carry trades, which has driven a sharp drop in the dollar and a rally in the euro. Given negative rates in

the Eurozone, the single currency is often borrowed and sold to fund the purchase of higher-yielding currencies. But when volatility spikes, investors often head to the sidelines, unwinding even profitable trades. This helps explain the EUR/USD jump above 1.10 today after a drop to below 1.08 little more than a week ago.



MAJOR STOCK MOVES

Emerson Electric Co. EMR on Friday said it expects the coronavirus outbreak to shave \$100 million to \$150 million off second-quarter sales, up from a previous estimate of \$75 million to \$100 million. Shares fell 0.4%.

Shares of Wayfair Inc. W fell 10.2% after the e-commerce home retailer reported a wider-than-expected fourth-quarter loss.

Dell Technologies Inc. DELL shares were 7.1% lower after the tech company late Thursday

reported earnings that were in line with expectations. Opinion: Dell counting on server rebound to make up for expected PC slowdown

Zoom Video Communications ZM fell 7.5% even as investors viewed the videoconferencing company as likely to see a bump from the viral outbreak.

NanoViricides Inc. NNVC lost 9.5% and Inovio Pharmaceuticals Inc. INO shed 1.8%, despite the pharmaceutical companies being seen as good buys amid coronavirus.

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THE WEEK AHEAD

Date	Country/Area	Release/Event
Mon, Mar 2	Global	Manufacturing purchasing managers' indices
Tue, Mar 3	Australia	Reserve Bank of Australia rate announcement
Tue, Mar 3	Eurozone	Consumer, producer prices, unemployment rate
Wed, Mar 4	Global	Service-sector PMI
Wed, Mar 4	Canada	Bank of Canada rate announcement
Fri, Mar 6	United States Canada	Employment report



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