



Thane McCready, CFP®
LPL Registered Principal
10055 Slater Ave., Suite #260
Fountain Valley, CA 92708
(714) 893-5400
thane.mccready@lpl.com
CA Insurance Lic. # 0C00431

Coronavirus & More

In recent weeks, we've seen several major stories in the news. On the political front, in addition to the arrival of the presidential election through the 2020 caucuses and primaries, we have just experienced the third presidential impeachment in American history. In international news, the latest coronavirus outbreak has hit China, now referred to as COVID-19, leading to closed borders and heightened screening at hospitals worldwide.ⁱ

It's not so much the facts of what's going on that are unusual – none of these matters are unprecedented – but the way that they are reported in the media can be alarming. Even frightening.

How might this affect me? When major events make headlines, it's easy to put yourself in the picture. Knowing, as well, how such events might affect the financial markets, it's also easy to wonder how your investments and retirement strategy might fare.

The truth? Political ups and downs, virus outbreaks, and other circumstances might lead to some short-term volatility on Wall Street. But it's important to remember two things: 1) Your portfolio is positioned to reflect your risk tolerance, time horizon, and goals. 2) The way we experience news has changed over the years, and not all of it for the better.

Never-ending news. On June 1, 1980, businessman and broadcaster Ted Turner debuted Cable News Network (CNN), the world's first 24-hour television news channel. In the four decades since, other similar channels have emerged. Collectively, they changed how the world experiences news. Notably, it was the dawn of the 24-hour news cycle.ⁱⁱ

Before 1980, news was very different. Major newspapers might have published several editions during a day, but most areas only had a morning or evening edition. Radio might offer news break updates at the top of the hour, with news programs in the morning, afternoon, and evening. Television followed a similar pattern.

The never-ending news cycle means that news organizations have an interest in continuing to report on the same news story even though little or nothing has changed. Twenty-four hours is a lot of time to fill, and they need ratings in order to be of value to advertisers. While this doesn't necessarily mean that the news has become inaccurate or sensationalistic, it might be perceived as repetitive.

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It's also becoming ubiquitous. With our smartphones, we're often receiving news updates immediately throughout the day.

Keep informed, but don't be rattled. Your investment and retirement strategy, which you have designed and put into place with your trusted financial professional, has considered big news events, both major and minor. Your professional knows the difference between something that may be a minor force in your financial life and something that might require you to make some changes. A good strategy gives you room for market changes that might see reactions that last a few days – even a few years. Staying the course is often the smartest move, partially because you aren't reacting immediately to a dip, and you might benefit from a potential recovery.

So, keep yourself informed, but if you get too worried, have a conversation with your financial professional. They can help you understand what the news means for your financial life and offer you the context you need to remain confident in your strategy.

Kind Regards,

Thane McCreedy, CFP®
Cobalt Unlimited

ⁱ ScienceMag.org, February 12, 2020

ⁱⁱ History.com, July 27, 2019

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