

MARKET INSIGHTS

from Ziegler Capital Management

Markets and a Health Crisis: What Happens Next?

As the world continues to deal with the burgeoning coronavirus, investors may need a reminder about past health crises and the resulting market return in meaningful time periods later. Today should be no exception.

The capital markets opened down today around 3% with reports of fresh coronavirus outbreaks outside of China especially in Italy, which has the biggest outbreak outside of Asia. There are expected to be reductions to global growth metrics with curtailed Chinese manufacturing that are starting to ripple across the globe. As stocks have fallen, investors have run to typical safe havens such as U.S. Treasuries and gold.

It is important to recognize both short-term and long-term implications of these market moves. From a 2020 perspective, we are (as of this writing) essentially, flat for the year on U.S. stocks – yes, these big headlines and story have only “removed” the returns of the past seven weeks. For a long-term investor, this is meaningless.

In speaking of the long-term, we think the table below puts many past crises into perspective. We continue to encourage our clients to stay the course and not to panic over today’s headlines. Astute investors will find that past markets have performed quite well after similar crises such as SARS, Swine flu and Zika. While we acknowledge the terrible human impact of this deadly outbreak, we have overcome similar past circumstances as these situations have ultimately been contained.

Epidemic	Month end	Percent Change of S&P 500	
		6-Month	12-Month
HIV/AIDS	Jun-81	-0.30	-16.50
Pneumonic plague	Sep-94	8.20	26.30
SARS	Apr-03	14.59	20.76
Avian flu	Jun-06	11.66	18.36
Dengue Fever	Sep-06	6.36	14.29
Swine flu	Apr-09	18.72	35.96
Cholera	Nov-10	13.95	5.63
MERS	May-13	10.74	17.96
Ebola	Mar-14	5.34	10.44
Measles/Rubeola	Dec-14	0.20	-0.73
Zika	Jan-16	12.03	17.45
Measles/Rubeola	Jun-19	0.10	NA

Source: Dow Jones Market Data

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This series provides a glimpse of our internal thought process through current topics affecting our clients and colleagues.

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