Going Viral: Realities of the New Market

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Back on January 8th, we reviewed credit market conditions in the wake of the killing of an Iranian general. Could this be the exogenous factor that sparks a Middle East war, and triggers a recession?

We concluded with the following observation: “Whether the Fed can continue mainlining enough liquidity all year to overcome any exogenous risks – bubbles or stickier stuff – remains to be seen.”

Well, stickier stuff arrived. Not sub-prime mortgages, tech, or leveraged loans, but a lethal virus from a seafood market in Wuhan, China.

Today that virus has upended global markets and captured worldwide attention in a way that nothing ever has. Did anyone notice North Korea’s three missile launches this week?

We have seen other dips that didn’t end in a recession. But this is different. As one strategist put it, “It affects the way people go about their lives.”…

?? Read March 9 2020 newsletter: here

?? Chart of the Week: here (by CBOE)