

Thursday, February 20, 2020

Good Afternoon,

According to Johns Hopkins, the top two locations for confirmed COVID-19 cases are China with 74,500 and the Diamond Princess cruise ship (docked at a Japanese port) with 630. Third is South Korea with 104 cases. There have been 15 confirmed cases in the US. While it is too early to make any realistic assumptions, it appears the growth of confirmed cases is moderating while the number of recoveries is accelerating. It will take several weeks to know if this trend means the spread of the virus is under control.

However, we are now getting reports that the virus is impacting commerce. This week Apple announced it won't meet its revenue projections for the current quarter due to the coronavirus outbreak, which it said had limited iPhone production for world-wide sales and curtailed demand for its products in China. Other corporations with significant production and sales in China are sure to follow Apple's lead as ripple effects spread across the globe. For now, it would appear the impacts will be short term as demand eventually catches back up in future quarters.

At this point, the U.S. economy appears to be holding steady, despite downward pressures to manufacturing and trade. The labor market remains strong, which is supporting high consumer spending levels and promoting broader economic growth. Given the importance of consumer spending to the overall economy, the positive reports represent a good tailwind for economic growth to start the year. However, stock prices are stretched after the huge advance over the past six months. We expect some choppy markets near term and anticipate a pullback before stocks consolidate and begin to move upward again.

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[http://www.commonwealth.com/RepSiteContent/weekly\\_comm/commentary\\_redirect.htm](http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm)

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Enjoy your weekend,

*Wade*

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