

The Corona Virus Effect

As we are sure you are aware, the world stock markets are suffering a large increase in volatility and sustained drops last week on the back of the “Coronavirus” concerns that started in China at the beginning of this year. These drops are not confined to one geographical region, they are affecting all equity markets across the globe. This has to be viewed as an unprecedented event.

The reductions are mainly based on the fear that this virus may spread exponentially and cause economies to reduce industrial output which may lead to some countries falling into recession.

As you may remember, our mantra in the last 12 months, whilst BREXIT was going through, has been that the return from investments should be acceptable unless something from the “left field” comes through.

Our opinion is still the same as when the financial crisis hit in 2008, in that we run well balanced portfolios with a split of equity and fixed interest content and there is no need to panic as a sale into cash, compounds losses you have accrued in the last two weeks. It also creates a decision of when to go back into your portfolio as you may miss out on a bounce back which hopefully will be sooner rather than later.

Please be assured we are looking at the ongoing situation as it unfolds, but please feel free to contact us if you feel the need to.

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