

JADESPEAK

MARCH 2020

THE GOOD THE BAD AND THE UGLY



By **TIMOTHY A. PHILLIPS**
Financial Advisor, RJFS



You don't have to be a person who watches the news to know that if you go into any store to buy hand sanitizer, there's a good chance they are sold out.

Today is Wednesday, March 11, and a day that marks an escalation dealing with the coronavirus outbreak. The World Health Organization (WHO) has declared a Global Pandemic; the U.S. crossed the 1,000-confirmed-cases threshold; certain cities and states are declaring moratoriums on public events involving more than 250 people; and the NCAA tournament is cancelled.

It was two weeks ago today when the White House Administration had a briefing forewarning of the inevitable rise in cases to come, and steps to take for preparedness. At that time, there were 15 cases here, so they were absolutely correct. After this news broke, we at Jade Investments rebalanced our JADESPEED portfolios to a more defensive stance because, no matter how low the mortality rate may be, we felt the fear surrounding how bad coronavirus could get would result in markets being driven by emotion rather than fundamentals.

We at Jade believe the markets may go lower yet. The second wave coming is the economic impact of this virus. China had nearly 35 million people on quarantined lockdown, and now all of Italy is. We in the U.S. are beginning to take steps to lessen the severity of the spread as well, and we can expect other countries to do the same. That equates to less people going to grab a coffee at Starbucks, or going to a sporting or music event, and less people traveling, whether by land, air or sea. This will, no doubt, affect companies' earnings.



Concerns on the travel front bring us to "the ugly." Because we are traveling less around the world, we are using less fuel. In the oil markets, prices teeter in the balance of supply and demand. So, as we use less fuel, we have excessive supply.

The Organization of the Petroleum Exporting Countries (OPEC) was founded in 1960, and it currently has 14 member countries. The debated mission of the organization is to bring stability to the price of oil.

Continued on back page

Come Together

The financial impact the coronavirus can have on people who may be sick or lose income temporarily is a reality that needs government assistance to prevent the economy from being hit even harder.

There is a bill being drafted in the House now to provide some relief monetarily. It is our hope that in the face of a pandemic that our country's leaders can put aside partisanship. Senate Majority Leader Mitch McConnell just announced that the Senate will be working through a scheduled recess to hopefully get something in front of the President to sign sooner than later.

This may serve as a needed reminder for all of us to come together. You don't have to scroll long on a wall of your Facebook page to see a heightened division in our country. It really is OK to disagree on certain matters and still get along. As difficult as trying times can be, I love seeing this sense of goodness shine through. People are good!

-Tim



Democratic President Jimmy Carter, on left, shakes hands with Republican Governor Ronald Reagan at the 1980 Presidential Candidate Debate.

UGLY...

From front page

They do this by adjusting the amount of oil produced to correlate with the demand. There are other countries who are OPEC-friendly, as in willing to assist to a degree with the OPEC guidance.

Last week OPEC officials presented an ultimatum to Russia to cut production by 1.5 percent of world supply. Russia rejected this demand. Russia's state-owned oil company, Rosneft, said in a statement, "By yielding our own markets we remove cheap Arab and Russian oil to clear a place for expensive U.S. shale oil." In response, Saudi Arabia, the world's largest producer followed by the

most proven reserves, announced it was going to ramp up production by 27 percent, and price its April futures \$6 to \$8 cheaper. Consequently when the markets opened Monday led to a sharp decline in oil prices and energy companies' valuations. According to Reuters, OPEC members are bleeding over a half a billion dollars a day in lost revenue, so we are hopeful there will be an agreement to stabilize prices sooner than later.

At this point you may be thinking, "Where is the good from the headline of this article?" The good news is we WILL get through this, and the economy will not only pick back up, but we at Jade believe we could do it rather quickly... possibly in the last part of this year!

Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. This information is not intended as a solicitation or an offer to buy or sell any security referred to herein. Prior to making an investment decision, please consult with your financial advisor about your individual situation. Investing involves risk and investors may incur a profit or a loss. Past performance is not a guarantee of future results. Indices are not available for direct investment. Any investor who attempts to mimic the performance of an index would incur fees and expenses which would reduce returns. Opinions expressed in this newsletter are those of the author and are not necessarily those of Raymond James. All opinions are as of this date and are subject to change without notice. Raymond James does not offer tax advice or services. You should discuss any tax matter with the appropriate professional.

Help prevent the spread of COVID-19

To help prevent the spread of coronavirus, the CDC recommends avoiding close contact with people who are sick. Avoid touching your eyes, nose, and mouth, and stay home when you are sick.

Cover your cough or sneeze with a tissue, and clean and disinfect frequently touched objects and surfaces using a regular household cleaning spray or wipe.

Wash your hands often with soap and water for at least 20 seconds, especially after going to the bathroom; before eating; and after blowing your nose, coughing, or sneezing.

To all of our readers: We wish you good health. Take care of yourselves.

Jade Investments & Retirement Solutions

Home of the
JADESPEED
Process

Timothy A. Phillips
Financial Advisor,
RJFS

130 E. 10th St.
Mount Carmel, IL
62863

Phone: 618-263-4400
Fax: 618-262-7444
Email:
tim.phillips
@raymondjames.com

Visit us online at
jaderetirement.com