THOUGHTS ABOUT CURRENT MARKET CONDITIONS

March 9th marked the 11th anniversary of the closing low for the S&P 500 during the Global Financial Crisis. Unfortunately, this will now be a memorable date in 2020 as well, as oil prices dropped more than 20% on the day as Saudi Arabia and Russia began a spat over market share, disrupting what was already a weakened OPEC. With energy prices dropping below favorable price points for U.S. producers, equity and credit markets were left to absorb yet another series of new stress points to an already shaky foundation. Adding this new area of concern to the growing Coronavirus unknowns, once again the March 9th date has taken on significance as equity markets experienced a historic point drop. The ten-year U.S. Treasury hit an all-time low yield, dropping below 0.4% at one point. Volatility across markets has become extremely elevated as investors look for clues about which way the economy goes from here.

To be sure, some investors consider this a buying opportunity while others believe this is the beginning of something worse. We are now approximately 20% below all-time highs for the S&P 500 Index with the decline happening in less than 20 days since it peaked on February 19th. Adding to the market's confusion, the last 20 days also included two of the biggest daily gains in S&P history as well.

Our interpretation is that markets have not fully priced in a recession, but have begun to price in much more than just a one or two quarter interruption to the slow but stable growth environment we envisioned at the beginning of the year. As many of you will recall from our communications and meetings over the last year, we began 2020 with a defensive perspective on risk assets, practiced active rebalancing at the end of 2019 following the year's impressive gains, and were guiding for lower return expectations for risk assets for the coming 3-5 years.

We are actively engaged in analysis of the unique circumstances we find ourselves in, and have been working with pace on how best to navigate this course for you for the long-term. We want to reiterate that your Ropes Wealth team is available, as always, to discuss market movements in relation to your personal investment portfolio and financial situation.

A WORD ABOUT ROPES WEALTH BUSINESS CONTINUITY

As we learn more and more about the novel Coronavirus and the disease it causes, COVID-19, we want to share with you the preparations that we have proactively undertaken as a firm to ensure we are informed and well-prepared. In coordination with our owners, Ropes & Gray LLP, we have an established a Business Continuity Plan to ensure we are always able to efficiently conduct business in the face of any type of challenge, and provide our clients thoughtful, timely and focused advice and the highest level of administrative support and service—no matter the circumstances. We also take extremely seriously our responsibility to provide our clients and our colleagues a safe, healthy and secure business environment.

Ropes Wealth systems and processes are designed to allow employees to efficiently work outside the office and continue to perform their jobs in a responsible manner. Employees from all areas of the organization regularly work remotely which gives us confidence in our systems and contingency plans. Although we hope that we do not have to initiate our Business Continuity Plan, we are confident that we will be able to continue business as usual and serve our clients should circumstances merit implementation of the Plan.

There is certain to be more news in the next few days and weeks about COVID-19 and its impact on the health of our clients and colleagues, on our society, and on the global economy. We commit to you that we will take whatever steps are necessary as a business and will do so with full priority to safe, continuous, and efficient service.

Please reach out to us with any questions or concerns.
Your Ropes Wealth Team

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