University of Kentucky
College of Agriculture, Food and Environment
Cooperative Extension Service

Coronavirus: Responding to the Stock Market, February 28th

Concern about the coronavirus has led to significant stock market declines. The U.S. stock market had been experiencing steady growth, with the S&P index reaching historic highs in mid-February. However, the market has experienced a significant decline the last few days.

The U.S. stock market is following a global trend; markets around the world are down on average 10% to 12%. It is thought that markets will remain volatile until more is known about the global impact of the coronavirus.

Market fluctuation is normal; however, as an investor, this level of volatility can be unsettling. It is important to remember that for most people, investments in the market are long-term. You do not earn or lose money until the investment is actually sold. Changes in the market today or tomorrow are only gains or losses on paper. Reviewing your investment accounts on a regular basis is a good financial practice, but checking on a daily (or hourly) basis will often add to anxiety.

Indexes such as the NASDAQ or S&P 500 may be an overall gauge of the market direction but do not necessarily reflect your personal investments. A general financial rule for all investors is to have a balance among savings, stocks, bonds, and mutual funds to help you earn more money and protect against fluctuations.

For most investors, concern about the coronavirus is not a reason to change investment strategy. For those who may be near or in retirement, who are aggressively invested in the market and are worried about fluctuations, reaching out to a financial advisor might calm nerves. Discussing your financial goals and investment strategies with an expert might be helpful to keep your investments on track.

Source:

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