

## Update: Coronavirus and the Markets - What We're Watching

Stocks were volatile this week and opened a bit lower today amid fears of rising US-China tensions, China's imposition of new national security laws on Hong Kong, and their decision not to set a formal GDP target for the year. The major indexes however, are showing solid gains for the week with the Dow up more than 600 points above its closing level on May 15, and the S&P 500 and Nasdaq gaining 2.5% in the same timeframe. As we start to reopen our country and throughout the world, investors will watch the data closely to see if major spikes in the virus occur. Driving activity started to pick up with the reopening and with it an improved outlook for oil demand. Analysts are feeling optimistic on the prospects of Moderna's coronavirus vaccine. Morgan Stanley was quoted saying they "assume Moderna will sell ~1.5B doses of its COVID vaccine during the pandemic period and ~150M annual doses during the endemic period." Albeit the initial results appear promising, there is still a lot to do to get a vaccine to market, testing being one major element. The company recently received permission from the Food and Drug Administration to begin a 600-person, Phase 2 trial which is slated to begin in July. Moderna's stock was up significantly in the beginning of the week as promising data from its phase 1 study was released. However, as the week progressed analyst skepticism on its effectiveness due to the limited data sunk in and the stock fell. That said, the success or failure of Moderna's ongoing coronavirus vaccine studies will largely determine its stock performance going forward. In other developments, the Treasury is bringing back 20-year bonds, last issued in 1986, in a bid to extend the length of time it has to pay off its record level of borrowing to support the economy through the coronavirus pandemic.<sup>1</sup>

News of the coronavirus, stock market, and state of the economy has flooded our lives as of late. As we enter this Memorial Day weekend we acknowledge this pandemic is a different type of "war" we've had to battle. The coronavirus has now killed more Americans than the Vietnam War, Gulf War, Afghanistan War, and Iraq War combined. The total lives claimed by COVID-19 in the US is already higher than the 67,830 troops who died in every war since the start of the Vietnam conflict in 1964.<sup>2</sup> You may be used to celebrating this holiday by visiting cemeteries or memorials, holding family gatherings, or partaking in your town parade, which unfortunately has probably been cancelled this year. Memorial Day honors the men and women who died while serving in the US military, but perhaps this Memorial Day we pause and take time to remember not only those who have served in our military, but also those who have lost their lives due to the new war we're battling, COVID-19. While it's not a war fought on the traditional battlefield, it's a war that has affected us all. We remember those who have been stricken by the virus and praise those that help each day to fight and find a cure for it.

We hope you can take time this weekend to unplug, get some fresh air, fire up the grill, and cheers to the unofficial start of summer. Going forward, we will continue to provide your timely market and economic updates twice a month via email as well as through video. From all of us at IMG, we hope you have a great three-day weekend.

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<sup>1</sup> CNBC

<sup>2</sup> Fortune