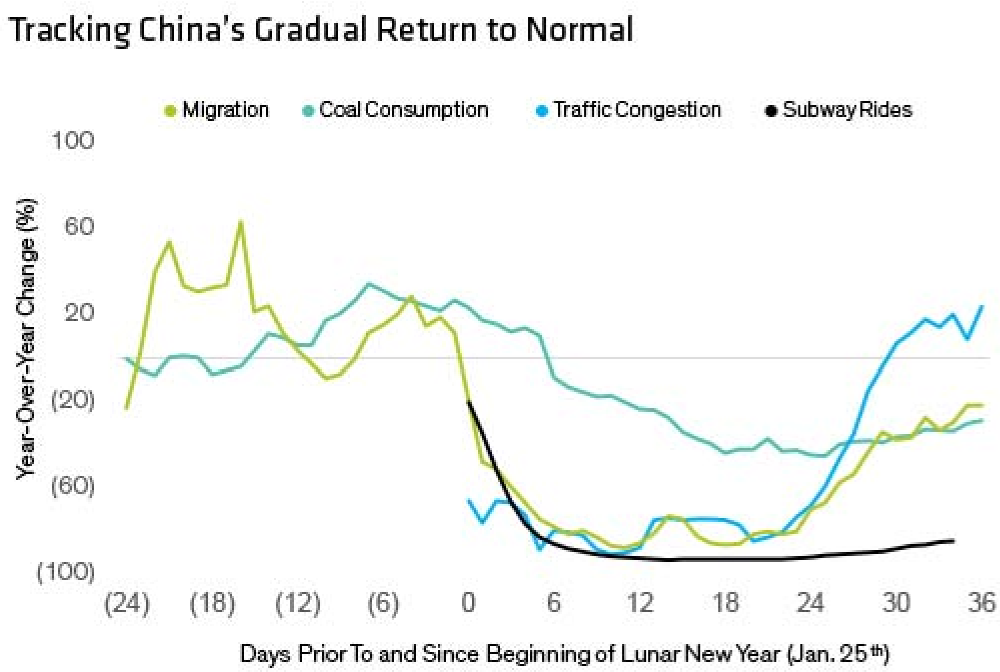
This week proved to be another volatile one for financial markets. Stocks oscillated, while safe haven bonds continued to rally. The culprit continues to be COVID-19, the disease caused by a novel coronavirus. It is a trying time for all, but from an investing standpoint, we're prudently managing your assets through this uncertain period and you should take comfort that your wealth plan is built for the long term.

And yet, that's not to say that we're ignoring what's happening in the short-term. The fact that the virus will have an economic cost is undeniable. The magnitude and duration are the central question, causing daily swings like those exhibited this week. To give you a sense of what we're watching to answer this question, I'd like to highlight the chart below from one of our investment teams.

This subset of Chinese data we've been tracking shows coal consumption, traffic congestion, migration, and subway ridership over the period leading up to and following the Lunar New Year in late January. We're watching China since it is the epicenter of this crisis but also because it provides us with key insights into the possible trajectory of recovery in the rest of the world. So, while some Chinese activity has rebounded in recent weeks, it's still pretty far from normal. Coal consumption, for example, remains ~35% below last year's levels.



Through March 1, 2020
Source: Bloomberg, Baidu, city subway companies, kpler, and Bernstein analysis

Our Latest Research Content

Below are several pieces of content we've produced over the last week. Each touches on a different element of investing, with the common thread being the impact from the virus.

Director for Global Economic Research Darren Williams discusses why he's reduced his below-consensus expectations for 2020 GDP and what tools fiscal and monetary policy makers have at their disposal.

Senior US economist Eric Winograd explains why he believes the US economy can get back to trend-like growth in the second half of 2020 after having simply "missed a few months."

Portfolio manager Kurt Feuerman details what the sell-off means for valuations and the opportunity presented to long-term, patient investors.

Investment Strategies Co-heads Alex Chaloff and Beata Kirr quantify the historical impact from geopolitical events like the virus.

Additionally, I'd like to highlight a podcast we recorded earlier this week. On it, our senior investment professionals shared our latest thoughts on the equity and fixed income markets and the overall US economy. Many of the clients who have already listened to it felt it was extremely enlightening—I'd love to hear your feedback too.

We know this is an anxious time. There is still much uncertainty around the extent of the impact on supply chains and global growth, and volatility and near-term risks likely remain elevated. Still, longer-term, these effects are likely to subside. So, while the day-to-day market moves can be unsettling, know that your wealth plan expects and accounts for drawdowns of various magnitudes.

One final note. We also want to assure you that we are prepared to maintain continuity of service in the event that it becomes necessary to temporarily restrict access to a Bernstein office. Our Global Business Continuity group is working closely with our local teams to monitor and ensure the wellness of our staff and visitors. As a matter of normal practice, we routinely test and utilize back-up protocols that connect our offices around the country. In addition, our investment and client service teams have remote access capabilities that allow them to function outside of the office in a secure technology environment.

We hope this communication provides some perspective. Please let me know if you have any questions.

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