



Rearview Mirror

Monday marked the start of week number four since the turning point in public discourse with respect to the COVID-19 pandemic in North America. It has been a heck of a month to say the least.

On Wednesday, March 11 at 12:26 p.m. EDT, the World Health Organization officially declared the coronavirus as a [global pandemic](#). The hope of containing the spread of the virus was gone and instead the focus was now on mitigating the outbreak so as to not overwhelm healthcare systems and create an increased proportion of worst-case outcomes.

It was not until later that evening, however, that it became clear that things were quickly veering off the road and toward the ditch off the shoulder. At 9:00 p.m., the President of the United States addressed the country from the [Oval Office](#) and proclaimed a ban on all travel from Europe (but not the UK, though it was added on March 15).

Almost immediately following the 10 minute statement from the President, at 9:14 p.m. beloved actor [Tom Hanks](#) announced that he and his wife Rita Wilson had tested positive for COVID-19 while in Australia. At 9:31 p.m., the [National Basketball Association](#) suspended its season after abruptly cancelling the game in Oklahoma City between the Utah Jazz and the hometown Thunder after a couple of Jazz players tested positive for the coronavirus as well.

The next day, global markets plunged and officially brought an end to the more-than-a-decade long bull market, while even more cancellations were announced – the annual US college basketball “[March Madness](#)” tournament was shelved, the [National Hockey League](#) season was suspended and [Major League Baseball’s](#) spring training (and the start of its regular season) was put on hold until further notice. On March 13, the US declared a [national state of emergency](#) as the COVID-19 statistics abroad; the day after, play in the [English Premier League](#) was suspended.

The following days and weeks saw schools, public spaces, festivals, non-essential businesses and borders close, effectively idling a large swath of a global economy that had previously been gaining positive momentum. The unprecedented magnitude of the economic impact is now becoming increasingly evident as the activity data starts to capture the period and print historical outliers – the figures are likely to get worse in the coming weeks and a sharp downturn now is all but a certainty.

Thankfully though, the momentous month of March, which seemed as though it would never end, is now finally in the rearview mirror.

Looking forward, the hope of warmer spring temperatures is now becoming more tangible as larger positive numbers are now appearing in the weather forecasts for the Northern Hemisphere. More importantly, there are growing indications that we may finally be approaching better days more generally. The pace of spread of the coronavirus is slowing globally with the rate of new infections starting to flatten out in the earliest hit regions, as the aggressive self-isolation/social distancing measures start to bear fruit. Market volatility, while still elevated, has come down from its lofty levels as the daily swings become more modest.

These are positive signs that we are getting closer to the route to recovery, but we are not quite back on the road yet. For example, a [report](#) by the American Enterprise Institute, a non-partisan think tank, suggested that the restrictions on everyday life that are currently in place to stem the spread of the COVID-19 outbreak could start to be eased once three preconditions are met:

- a sustained reduction in cases for at least 14 days (i.e., one incubation period);
- local hospitals are safely able to treat all patients requiring hospitalization without resorting to crisis standards of care; and



- the capacity exists to test all people with COVID-19 symptoms, along with the capacity to conduct active monitoring of all confirmed cases and their contacts.

That means for the here and now we are still stuck waiting for the light to turn green and give us the go ahead to move forward in earnest – but we are, slowly but surely, moving toward that direction (notwithstanding the potential for things to take a step backward among these steps ahead) with the road ahead coming into better view.

As tough as it is to sit waiting to put the pedal to the floor, the benefits of being patient with this process are increasingly evident. In Asia, where societal lockdowns were put in place at the end of January, there are more and more signs that activity is getting back to normal as restrictions have been gradually lifted in recent weeks. In China, the epicenter of this pandemic, the economy is back to running at about 85% of normal, with that expected to further perk up in short order as limitations on activity are further rolled back. Also notable, while the stands may be empty still, they are back playing baseball in South Korea.

Given the massive degrees of policy stimulus (both monetary and fiscal), it would appear as though we are primed to see a similar rapid rebound once the coast is clear and we are to leave this historic period behind us.

With that in mind, let's leave this off with the optimistic words of Eddie Vedder:

*Saw things clearer
Once you were in my rearview mirror
I gather speed from you [messing] with me
Once and for all, I'm far away
I hardly believe
Finally the shades are raised.*

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