GROUP SAVINGS AND RETIREMENT

Coronavirus vs. your investments: keeping a cool head is key

In the last few weeks, the spread of the coronavirus (also known as COVID-19) has had a severe negative impact on the global economy. As countries implement quarantines and other sanitary measures that disrupt people's everyday lives, the normal operations of companies are greatly affected, not only in China, but also in many industry sectors across the world.

How long will this major downturn last is anyone's guess, but when such a situation occurs, we often witness another phenomenon that is just as viral: a feeling of doubt, and even panic, among investors. Everybody knows, though, that panic can cause people to make rash decisions that they later regret.

Impatience and finance do not mix well

Warren Buffett, one of our time's most renowned economists, once said that *the stock market is a device for transferring money from the impatient to the patient*. Therefore, the key is to avoid rushing things, to keep a cool head, and to learn from past experiences .

For instance, when the world faced the SARS (2003-2004) and H1N1 (2009) epidemics, stock markets suffered a significant slowdown, because many people started choosing safer, yet lower-yield investments, like gold and government bonds. Each time, however, this investment shift was short-lived, and markets quickly made up the deficit as soon as the epidemic was contained... and those who had stayed the course with their long-term strategy — rather than letting impatience guide them — achieved nice profits.

In most of the major industrialized countries, governments and federal banks are already deploying concerted efforts to support their respective economies and ensure that stock markets recover as quickly as possible following the coronavirus crisis.

The watchwords: patience and strategy

True, the news on the global economy will likely remain bad in the next weeks and months, but markets will anticipate an eventual recovery. Smart investors will see it as an opportunity to be patient and achieve nice profits in international and emerging market equities.

As Warren Buffett (yes, him again!) said: "Don't get caught up in today's headlines." Continuing to invest through periods of uncertainty can be difficult in the short term, but you will be better off in the long run.

To learn more about the good practices to adopt in a context of stock market instability, **read this article**.