

FINANCIAL SERVICES

Words from a money manager as stock markets nosedive

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Wall Street has taken an unprecedented beating this week. Image credit: The Welcome Blog

By LUXURY DAILY NEWS SERVICE

Alli McCartney, a New York-based UBS wealth manager and *Luxury Daily* conference speaker, has been on the phone with clients and money managers as the coronavirus unsettles the financial markets into its worst performance since 1987.

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After a visit to the New York Stock Exchange, she has come to this conclusion: the public financial markets and supermarkets are panicked and unhinged. But, as a mother, money manager and financial journalist, she said there was an immense amount of comfort being at the New York Stock Exchange and hearing perspectives from people in the markets and economists all over the world. What is that perspective?

"Although we may have more to fall, market fundamentals were strong and steady in January and will revert," Ms. Cartney said in a note to clients. "The question of when' is a universal unknown, but the markets are currently pricing in the worst-case scenario."

To address the "when," the markets are waiting for clarity on the following, she said:

1. Fed policy: How supportive will interest rate policy – not a ton of fire power left there globally – and additional asset purchase and/or liquidity injections be.
2. Fiscal policy: The market is reacting today to the [Trump] administration's lack of both breadth and specificity on the extent of potential actions. We are used to the speed at which the Fed can act with predetermined tools. Fiscal action is more cumbersome to pass and the arrows in their quiver are far from predetermined/obvious.
3. Evidence of virus containment: China and South Korea give us hope that coordinated national and international efforts can mitigate worst case scenarios. Can the U.S. follow that path?

So, aside from not obsessing over screens what "should" investors be focused on, what investors should do, per Ms. McCartney:

1. Stay liquid: Make sure you have sufficient liquidity to not be a forced seller. And prize and maximize the

access you have to/yield you are getting on your liquidity.

2. Tax-loss harvest and upgrade quality: For those with a need/use for losses and/or that hold positions they have wanted to sell but were deterred by tax effect of doing so, use this as an opportunity to upgrade your holdings and generate losses.
3. Enter market through structured trades: If you were under-risked and looking for an entry point, use this as an opportunity to pocket premium and establish a lower entry point into long-term holdings.

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