

Finance and economics

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Spread and stutter

# Markets wake up with a jolt to the implications of covid-19

Could market turmoil add to the economic disruption?



WHEN AMERICA, the hub of global capital, is this far into an economic expansion and a bull market, investors feel two conflicting impulses. They hope that the good times will last, so they are reluctant to pull their money out. They also worry that the party may suddenly end. This is the late-cycle mindset. It reacts to occasional growth scares—about trade wars or corporate debt or some other upset. But it tends not to take them seriously for long.

Covid-19 is a grave threat to the market's poise. News from Italy of the biggest coronavirus outbreak outside Asia led to a 3.4% decline in the S&P 500 index of American stocks on February 24th, the biggest one-day