As our analysis shows, different sectors reacted to the sell-off differently. Those, which were hit particularly hard, included consumer discretionary, energy and financials. Hotels, resorts, airlines and cruises were among the companies which were impacted most by the pandemic and quarantine measure. Especially with the wide media coverage of contagion on Princess Diamond and Grand Princess, cruises would probably find it hard to reopen the business even after the pandemic. As a result, stocks of these companies are traded at a historical low level. For example, the stock of Carnival Cruise, a well-known cruise company, is traded for USD 12 a share at the time we are writing this report, representing a 75% decline from its peak value at USD 50. Financial institutions also see a sharp rise in credit default owing to an economic activity halt and an unemployment rate spike. Banks prepare a large amount of reserve to tackle the credit reserve. As a result, their earnings decrease by a large percentage. For example, JP Morgan reported a sharp drop of Q1 earnings that is only 30% of the previous quarter’s earnings. Investors are more concerned about regional banks, which usually do not have a lot of cash at hand to go through a difficult time like this. Meanwhile, the oil price put energy companies in danger of insolvency and bankruptcy.

On the other hand, some sectors go against the market south wind. One such sector is the healthcare industry. With the wide media coverage on vaccines, medicines and tests, stocks of some biomedical companies increased despite the market freefall. However, insurance companies are encountering troubles in the pandemic owing to revenue loss and cost spike.

At the time we are writing the report, the Trump administration urges a reopening of the economy soon nationwide, however, he meets rebukes from state administrations. The debate between the cost of the pandemic and the cost of cure has been fierce since the beginning of the pandemic. However, it is believed by scientists that too soon an reopening schedule would potentially bring a re-surge of infection cases and do more damage to the economy.

A public health crisis, an equity market that is not supported by fundamental economic strength, a polarized political climate, heavy burdens of government and corporate debts make the economic future look dim. The pandemic and unemployment hurt the underprivileged first, but an economic recession (or depression) spares no one.