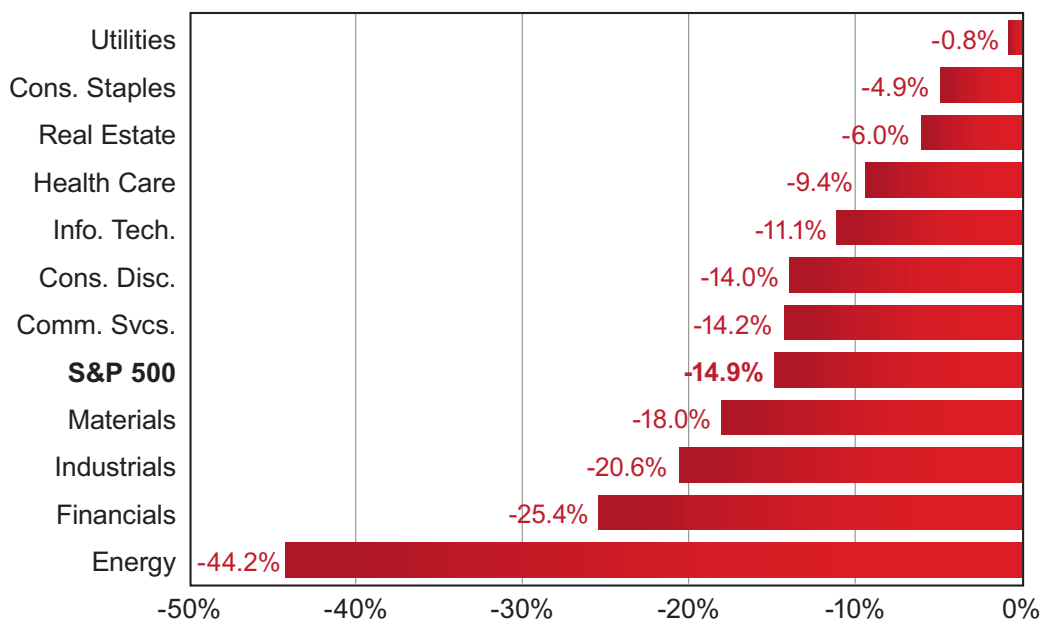


How The S&P 500 Index Has Fared Since The Onset Of The Coronavirus (COVID-19)

S&P 500 & S&P 500 Sector Indices
(Total Returns from 1/7/20-3/9/20)



Source: Bloomberg. Past performance is no guarantee of future results.

View from the Observation Deck

1. The Center for Disease Control and Prevention (CDC) established a "COVID-19 Incident Management System" on 1/7/20, according to its own release. We used that date as the starting point for the chart above.
2. The epicenter of the COVID-19 virus was Wuhan, Hubei Province, China. As of 3/7/20, the virus has been detected in nearly 90 locations internationally.
3. As indicated in the chart, some sectors of the economy have been hit very hard by the arrival of the coronavirus, particularly those that are more cyclical in nature.
4. The virus represents a potential threat to global economic growth and has already negatively impacted such industries as manufacturing (China is integral to the global supply chain), energy and travel and leisure.
5. Investor concerns over slower growth appear to be playing out in the U.S. bond market. The yield on the 10-year Treasury note has plunged from 1.82% on 1/7/20 to 0.54% on 3/9/20, or 128 basis points, according to Bloomberg. That decline is considerably more than the 50 basis point cut (1.75% to 1.25%) in the federal funds target rate (upper bound) over the same period, which suggests investors are seeking additional rate cuts from the Federal Reserve, in our opinion.
6. Keep in mind, the steep sell-off in stocks (S&P 500 Index) has likely been exacerbated by the fact that the index has been setting all-time highs nearly 11 years into the current bull market. Investors are sitting on a lot of gains.
7. As of the close on 3/9/20, only 5% of the stocks in the S&P 500 Index were priced above their respective 50-Day moving average, according to Bloomberg. Only 16% were above their 200-Day moving average.
8. While nobody knows when the sell-off in stocks will subside, for those investors with a long time horizon, we believe that buying opportunities are abundant.
9. We intend to monitor and report on the developments of COVID-19 over the coming months.

This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. The 11 major S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.

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