



A VIRAL MARKET UPDATE V: BACK TO BASICS

Glimmers of light?

Another week, more volatility...

- Déjà vu? My first post on this blog was on September 17, 2008, a week into the 2008 crisis, and I expected that after a few posts, that crisis would be behind us, and that we could go back to our lives. That of course turned out not to be the case, as the crisis not only extended for months, but left its imprint for the next decade
- An up week: Unlike my four previous updates, this one will describe a week of market recovery, at least in sum, but like the previous weeks, the increase in market values came with wide swings and continued uncertainty and volatility.
- Bailouts & Buybacks: Governments around the world rushed to pass rescue packages designed to get both individuals and businesses through a period where the global economic machine has been shut down. These bailouts, in addition to being many times larger than prior bailouts, have also reignited debates about what governments should be demanding in return

Macro Review: Equity Indices

	<i>Index</i>	<i>Country/Region</i>	<i>Level on 3/27</i>	<i>% Change</i>	
				<i>3/13-3/20</i>	<i>Last Month</i>
<i>Americas</i>	S&P 500	US	2541	11.83%	-19.04%
	NASDAQ	US	7588	7.27%	-15.34%
	TSX	Canada	12688	7.05%	-21.98%
	IPC Mexico	Mexico	33799	-1.37%	-18.21%
	Bovespa	Brazil	73429	9.48%	-29.51%
<i>Europe</i>	FTSE 100	UK	5510	6.16%	-16.26%
	DAX	Germany	9633	7.88%	-18.99%
	CAC 40	France	4328	6.91%	-18.48%
	S&P Euro 350	Europe	1253	6.17%	-16.91%
<i>Asia</i>	Nikkei 225	Japan	19389	14.81%	-8.29%
	Shanghai 50	China	2701	2.78%	-4.24%
	Hang Seng	Hong Kong	23484	2.98%	-10.13%
	BSE	India	29816	-0.34%	-22.15%
<i>Australia & NZ</i>	ASX 200	Australia	4842	0.54%	-24.82%
	NZX 50	New Zealand	9418	13.65%	-12.24%
<i>Africa</i>	FTSE JSE top 40	South Africa	39172	7.91%	-14.57%
	NSE All-Share	Nigeria	21862	-1.52%	-16.61%

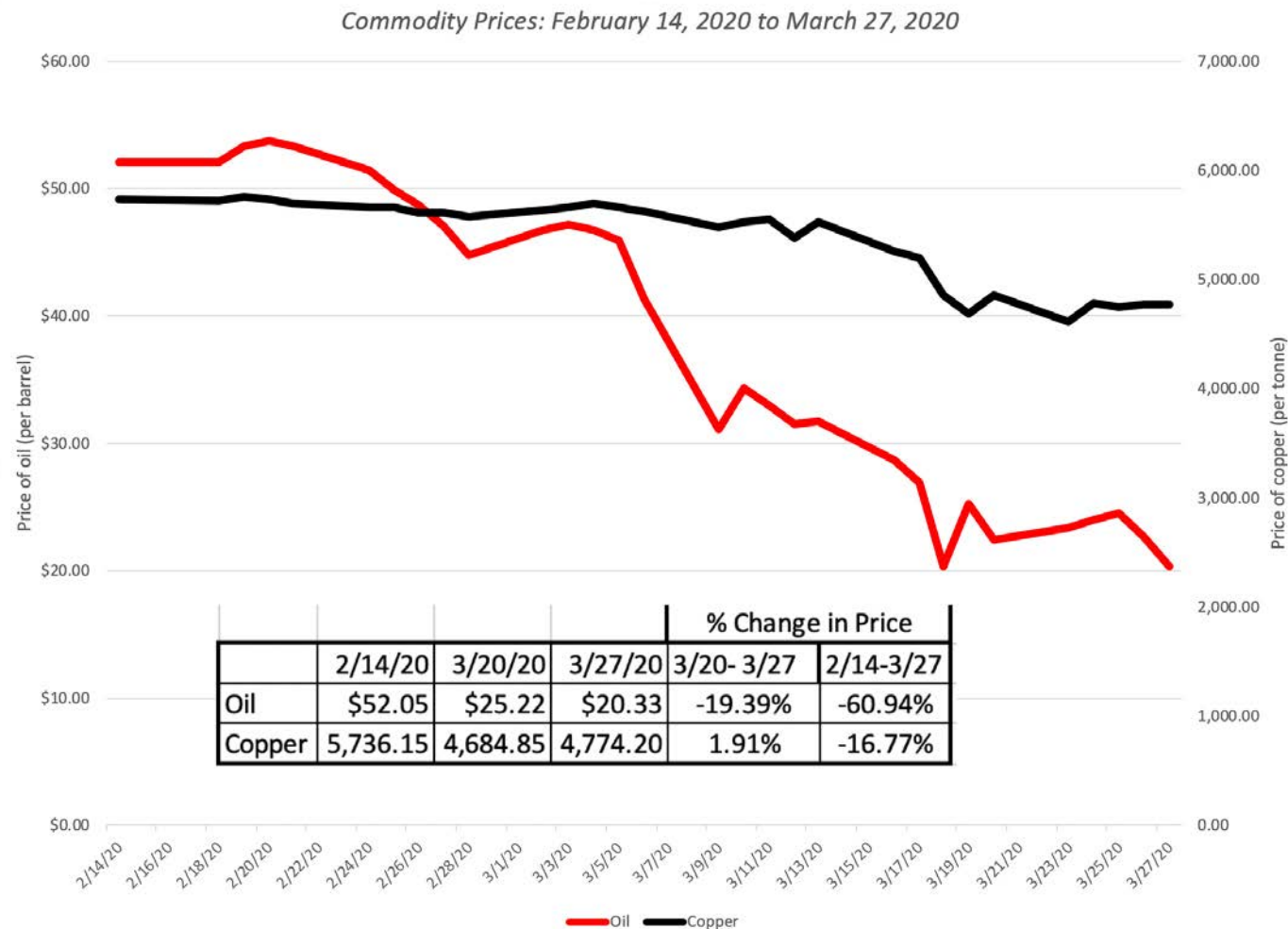
Macro Review: US Treasuries

	Yields on US Treasuries		
Maturity	2/14/20	3/20/20	3/27/20
3 month	1.58%	0.05%	0.03%
2 year	1.42%	0.37%	0.25%
5 year	1.42%	0.52%	0.41%
10 year	1.59%	0.92%	0.72%
20 year	1.89%	1.35%	1.09%
30 year	2.04%	1.55%	1.29%
	Yield curve slope		
2 yr - 3 month	-0.16%	0.32%	0.22%
10 yr - 2 yr	0.17%	0.55%	0.47%
30 yr - 10 yr	0.45%	0.63%	0.57%

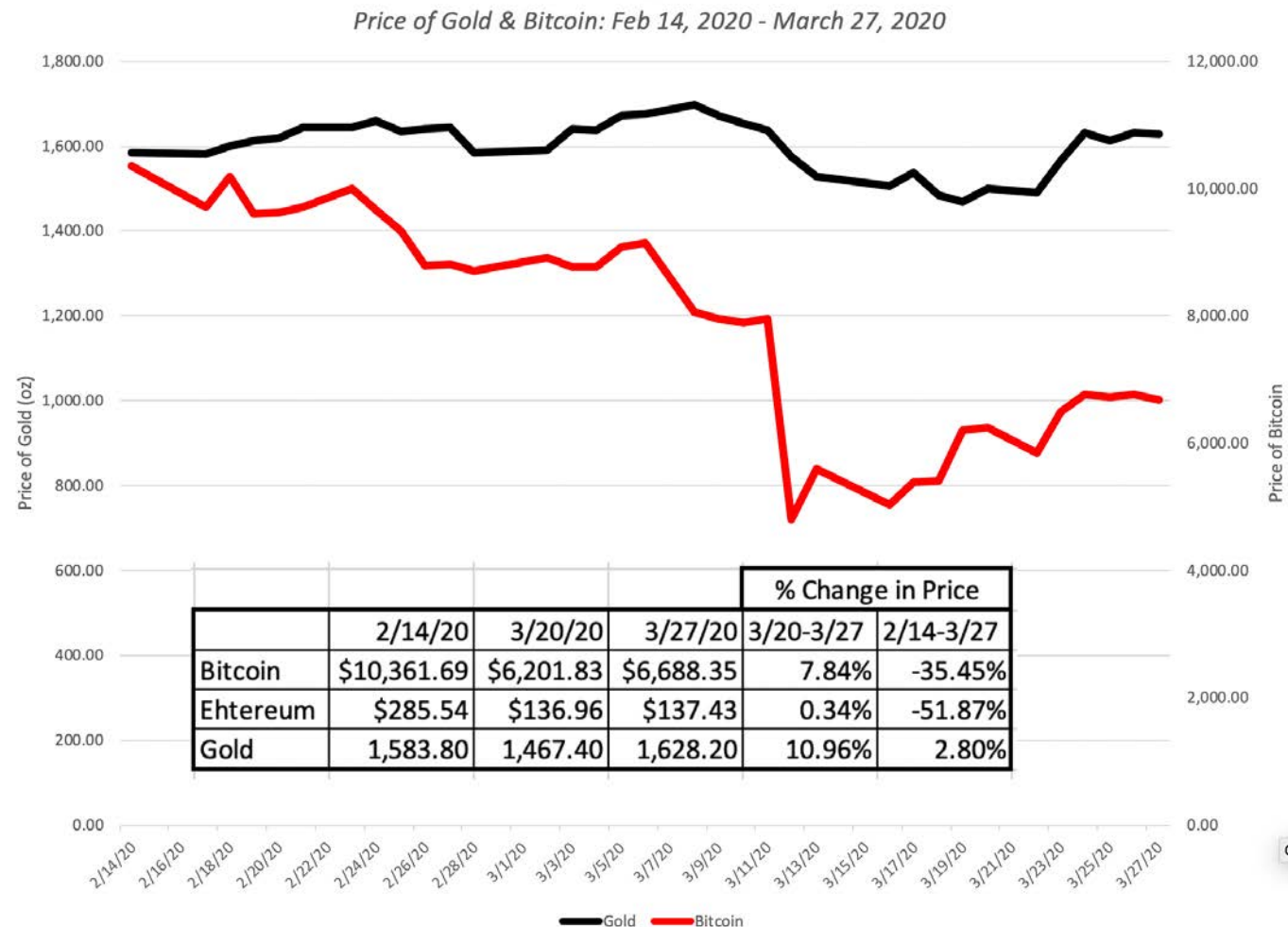
Macro Review: Corporate Bonds

	Yields and Spreads on Corporates					
	Spread over 10-yr Treasury			Yield on Bond		
S&P Bond Rating	2/14/20	3/20/20	3/25/20	2/14/20	3/20/20	3/26/20
AAA	0.69%	2.44%	1.67%	2.28%	3.36%	2.39%
AA	0.72%	2.64%	2.01%	2.31%	3.56%	2.73%
A	0.80%	3.15%	2.83%	2.39%	4.07%	3.55%
BBB	1.33%	4.56%	4.22%	2.92%	5.48%	4.94%
BB	1.93%	7.45%	6.79%	3.52%	8.37%	7.51%
B	3.40%	10.59%	9.92%	4.99%	11.51%	10.64%
CCC or lower	9.65%	18.25%	17.68%	11.24%	19.17%	18.40%

Macro Review: Oil & Copper



Macro Review: Gold & Bitcoin



Global Equities: By Region

					3/20-3/27		2/14 - 3/27	
<i>Sub Region</i>	<i>Number of firms</i>	<i>Market Cap (2/14/20)</i>	<i>Market Cap (3/20/20)</i>	<i>Market Cap (3/27/20)</i>	<i>\$ Change</i>	<i>% Change</i>	<i>\$ Change</i>	<i>% Change</i>
Africa	675	\$ 578,375	\$ 369,967	\$ 374,094	\$ 4,126	1.12%	\$ (204,282)	-35.32%
Australia & NZ	1,249	\$ 1,616,339	\$ 952,755	\$ 1,015,907	\$ 63,152	6.63%	\$ (600,432)	-37.15%
Canada	1,409	\$ 2,277,237	\$ 1,394,464	\$ 1,533,131	\$ 138,667	9.94%	\$ (744,107)	-32.68%
China	6,224	\$ 14,032,160	\$ 12,478,002	\$ 12,715,886	\$ 237,884	1.91%	\$ (1,316,273)	-9.38%
EU & Environs	4,733	\$ 13,678,403	\$ 9,318,277	\$ 10,185,643	\$ 867,366	9.31%	\$ (3,492,760)	-25.53%
Eastern Europe & Russia	454	\$ 821,119	\$ 507,559	\$ 522,177	\$ 14,619	2.88%	\$ (298,942)	-36.41%
India	1,801	\$ 2,206,738	\$ 1,531,385	\$ 1,483,669	\$ (47,716)	-3.12%	\$ (723,069)	-32.77%
Japan	3,846	\$ 6,053,505	\$ 4,483,001	\$ 5,246,020	\$ 763,020	17.02%	\$ (807,484)	-13.34%
Latin America & Caribbean	948	\$ 2,385,060	\$ 1,387,064	\$ 1,492,640	\$ 105,576	7.61%	\$ (892,420)	-37.42%
Middle East	1,255	\$ 3,098,813	\$ 2,595,889	\$ 2,617,944	\$ 22,056	0.85%	\$ (480,869)	-15.52%
Small Asia	8,150	\$ 5,100,550	\$ 3,590,027	\$ 3,823,233	\$ 233,206	6.50%	\$ (1,277,317)	-25.04%
UK	1,060	\$ 3,071,282	\$ 1,927,825	\$ 2,153,536	\$ 225,711	11.71%	\$ (917,746)	-29.88%
United States	5,123	\$ 35,745,667	\$ 23,982,151	\$ 26,497,102	\$ 2,514,951	10.49%	\$ (9,248,565)	-25.87%
Global	36,927	\$ 90,665,248	\$ 64,518,366	\$ 69,660,983	\$ 5,142,617	7.97%	\$ (21,004,265)	-23.17%

Global Equities: By Sector

					3/20-3/27		2/14 - 3/27	
<i>Primary Sector</i>	<i>count</i>	<i>Market Cap (2/14/20)</i>	<i>Market Cap (3/20/20)</i>	<i>Market Cap (3/27/20)</i>	<i>\$ Change</i>	<i>% Change</i>	<i>\$ Change</i>	<i>% Change</i>
Communication Services	1,690	\$ 7,387,502	\$ 5,537,870	\$ 5,886,839	\$ 348,969	6.30%	\$ (1,500,663)	-20.31%
Consumer Discretionary	5,035	\$ 10,166,952	\$ 7,097,378	\$ 7,761,299	\$ 663,921	9.35%	\$ (2,405,654)	-23.66%
Consumer Staples	2,367	\$ 7,131,368	\$ 5,724,181	\$ 6,039,758	\$ 315,576	5.51%	\$ (1,091,610)	-15.31%
Energy	1,264	\$ 5,936,152	\$ 3,858,930	\$ 4,083,346	\$ 224,416	5.82%	\$ (1,852,805)	-31.21%
Financials	4,202	\$ 14,988,413	\$ 10,022,185	\$ 10,720,990	\$ 698,805	6.97%	\$ (4,267,423)	-28.47%
Health Care	3,431	\$ 8,982,036	\$ 6,928,530	\$ 7,516,458	\$ 587,928	8.49%	\$ (1,465,579)	-16.32%
Industrials	6,582	\$ 10,185,908	\$ 6,947,947	\$ 7,631,432	\$ 683,485	9.84%	\$ (2,554,477)	-25.08%
Information Technology	4,795	\$ 13,635,871	\$ 9,786,447	\$ 10,669,541	\$ 883,094	9.02%	\$ (2,966,330)	-21.75%
Materials	4,309	\$ 4,993,223	\$ 3,538,495	\$ 3,784,285	\$ 245,790	6.95%	\$ (1,208,938)	-24.21%
Real Estate	2,392	\$ 4,048,706	\$ 2,714,809	\$ 2,992,718	\$ 277,908	10.24%	\$ (1,055,988)	-26.08%
Utilities	841	\$ 3,208,044	\$ 2,335,098	\$ 2,549,335	\$ 214,237	9.17%	\$ (658,709)	-20.53%

Global Equities: Industry Winners & Losers

	Worst Performing Industries: 2/14- 3/27						
				3/20-3/27		2/14 - 3/27	
<i>Industry</i>	<i>Market Cap (2/14/20)</i>	<i>Market Cap (3/20/20)</i>	<i>Market Cap (3/27/20)</i>	<i>\$ Change</i>	<i>% Change</i>	<i>\$ Change</i>	<i>% Change</i>
Oil/Gas (Production and Exploration)	\$ 692,337	\$ 318,467	\$ 342,645	\$ 24,178	7.59%	\$(349,692)	-50.51%
Oil/Gas Distribution	\$ 653,558	\$ 361,359	\$ 375,362	\$ 14,003	3.88%	\$(278,196)	-42.57%
Hotel/Gaming	\$ 717,026	\$ 397,218	\$ 430,694	\$ 33,476	8.43%	\$(286,332)	-39.93%
Oilfield Svcs/Equip.	\$ 743,252	\$ 419,308	\$ 447,056	\$ 27,748	6.62%	\$(296,195)	-39.85%
Homebuilding	\$ 247,355	\$ 127,623	\$ 150,684	\$ 23,060	18.07%	\$ (96,671)	-39.08%
Air Transport	\$ 559,010	\$ 316,420	\$ 341,572	\$ 25,153	7.95%	\$(217,438)	-38.90%
Broadcasting	\$ 164,676	\$ 94,207	\$ 100,672	\$ 6,465	6.86%	\$ (64,004)	-38.87%
Reinsurance	\$ 180,565	\$ 98,214	\$ 114,858	\$ 16,644	16.95%	\$ (65,706)	-36.39%
Aerospace/Defense	\$1,280,583	\$ 708,411	\$ 844,062	\$135,651	19.15%	\$(436,521)	-34.09%
Food Wholesalers	\$ 93,312	\$ 50,262	\$ 61,765	\$ 11,503	22.89%	\$ (31,547)	-33.81%
	Best Performing Industries: 2/14- 3/27						
<i>Industry</i>	<i>Market Cap (2/14/20)</i>	<i>Market Cap (3/20/20)</i>	<i>Market Cap (3/27/20)</i>	<i>\$ Change</i>	<i>% Change</i>	<i>\$ Change</i>	<i>% Change</i>
Food Processing	\$1,794,078	\$1,508,894	\$1,586,790	\$ 77,896	5.16%	\$(207,288)	-11.55%
Household Products	\$1,463,387	\$1,196,683	\$1,269,125	\$ 72,441	6.05%	\$(194,263)	-13.27%
Drugs (Biotechnology)	\$1,414,870	\$1,145,721	\$1,225,453	\$ 79,733	6.96%	\$(189,417)	-13.39%
Retail (Grocery and Food)	\$ 479,895	\$ 398,124	\$ 415,280	\$ 17,157	4.31%	\$ (64,615)	-13.46%
Telecom (Wireless)	\$1,084,938	\$ 856,771	\$ 928,767	\$ 71,996	8.40%	\$(156,171)	-14.39%
Retail (Online)	\$2,458,187	\$1,992,079	\$2,099,013	\$106,933	5.37%	\$(359,174)	-14.61%
Telecom. Equipment	\$ 554,013	\$ 452,441	\$ 472,017	\$ 19,576	4.33%	\$ (81,996)	-14.80%
Drugs (Pharmaceutical)	\$3,630,720	\$2,895,935	\$3,093,246	\$197,310	6.81%	\$(537,474)	-14.80%
Coal & Related Energy	\$ 167,718	\$ 139,035	\$ 142,580	\$ 3,545	2.55%	\$ (25,138)	-14.99%
Utility (Water)	\$ 144,293	\$ 113,037	\$ 122,329	\$ 9,292	8.22%	\$ (21,964)	-15.22%

Bailouts & Buybacks: The Questions

- In this week's update, I focus on a variable that people have pointed to, often with nothing more than anecdotal evidence, as a potential culprit in the crisis, and that is stock buybacks.
- Their argument is that companies that have bought back stock, often with borrowed money, are the ones that have led us to the precipice, and that the viral shock to the economy is just a tipping point for these companies.
- The solution that they offer is a familiar one. Companies should be barred or restricted severely from buying back their own stock.

A Test: Buybacks vs No Buybacks

						3/20-3/27		2/14 - 3/27	
Sub Region	[Buybacks/Market Cap = 0.00%]	count	Market Cap (2/14/20)	Market Cap (3/20/20)	Market Cap (3/27/20)	\$ Change	% Change	\$ Change	% Change
Africa	Buybacks	131	\$ 184,573	\$ 104,839	\$ 104,697	\$ (142)	-0.14%	\$ (79,876)	-43.28%
	No Buybacks	518	\$ 393,802	\$ 258,553	\$ 263,368	\$ 4,814	1.86%	\$ (130,435)	-33.12%
Australia & NZ	Buybacks	198	\$ 918,106	\$ 524,059	\$ 548,057	\$ 23,998	4.58%	\$ (370,049)	-40.31%
	No Buybacks	1,025	\$ 698,233	\$ 428,103	\$ 466,865	\$ 38,762	9.05%	\$ (231,368)	-33.14%
Canada	Buybacks	311	\$ 1,329,530	\$ 811,789	\$ 882,146	\$ 70,357	8.67%	\$ (447,385)	-33.65%
	No Buybacks	1,072	\$ 947,707	\$ 577,118	\$ 645,859	\$ 68,741	11.91%	\$ (301,848)	-31.85%
China	Buybacks	517	\$ 3,079,745	\$ 2,644,924	\$ 2,737,579	\$ 92,655	3.50%	\$ (342,167)	-11.11%
	No Buybacks	5,638	\$ 10,952,414	\$ 9,786,548	\$ 9,933,086	\$ 146,538	1.50%	\$ (1,019,328)	-9.31%
EU & Environs	Buybacks	981	\$ 7,410,273	\$ 5,109,535	\$ 5,608,557	\$ 499,021	9.77%	\$ (1,801,717)	-24.31%
	No Buybacks	3,667	\$ 6,268,130	\$ 4,197,365	\$ 4,564,530	\$ 367,166	8.75%	\$ (1,703,600)	-27.18%
Eastern Europe &	Buybacks	72	\$ 273,054	\$ 169,736	\$ 171,615	\$ 1,879	1.11%	\$ (101,439)	-37.15%
	No Buybacks	344	\$ 548,064	\$ 327,937	\$ 349,479	\$ 21,541	6.57%	\$ (198,585)	-36.23%
India	Buybacks	10	\$ 87,380	\$ 64,478	\$ 63,050	\$ (1,428)	-2.22%	\$ (24,330)	-27.84%
	No Buybacks	1,751	\$ 2,119,358	\$ 1,456,768	\$ 1,411,620	\$ (45,148)	-3.10%	\$ (707,738)	-33.39%
Japan	Buybacks	404	\$ 2,581,570	\$ 1,926,472	\$ 2,253,688	\$ 327,215	16.99%	\$ (327,882)	-12.70%
	No Buybacks	3,410	\$ 3,471,934	\$ 2,554,470	\$ 2,989,679	\$ 435,209	17.04%	\$ (482,256)	-13.89%
Latin America &	Buybacks	197	\$ 721,055	\$ 428,766	\$ 449,556	\$ 20,790	4.85%	\$ (271,499)	-37.65%
	No Buybacks	719	\$ 1,664,005	\$ 953,425	\$ 1,040,531	\$ 87,106	9.14%	\$ (623,474)	-37.47%
Middle East	Buybacks	111	\$ 1,971,311	\$ 1,705,871	\$ 1,742,222	\$ 36,352	2.13%	\$ (229,089)	-11.62%
	No Buybacks	1,119	\$ 1,127,502	\$ 873,355	\$ 867,243	\$ (6,112)	-0.70%	\$ (260,259)	-23.08%
Small Asia	Buybacks	1,051	\$ 883,172	\$ 615,416	\$ 662,409	\$ 46,993	7.64%	\$ (220,763)	-25.00%
	No Buybacks	6,915	\$ 4,217,379	\$ 2,961,812	\$ 3,147,994	\$ 186,182	6.29%	\$ (1,069,385)	-25.36%
UK	Buybacks	324	\$ 2,140,244	\$ 1,317,339	\$ 1,479,924	\$ 162,585	12.34%	\$ (660,321)	-30.85%
	No Buybacks	730	\$ 931,038	\$ 610,024	\$ 673,132	\$ 63,108	10.35%	\$ (257,906)	-27.70%
United States	Buybacks	2,473	\$ 29,219,828	\$ 19,388,811	\$ 21,458,076	\$ 2,069,265	10.67%	\$ (7,761,752)	-26.56%
	No Buybacks	2,410	\$ 6,525,839	\$ 4,564,903	\$ 5,007,885	\$ 442,981	9.70%	\$ (1,517,955)	-23.26%
Global	Buybacks	6,780	\$ 50,799,843	\$ 34,812,035	\$ 38,161,575	\$ 3,349,539	9.62%	\$ (12,638,269)	-24.88%
	No Buybacks	29,318	\$ 39,865,405	\$ 29,550,382	\$ 31,361,270	\$ 1,810,888	6.13%	\$ (8,504,135)	-21.33%

A follow up with dividends

Sub Region	Dividends/No Dividends	Number of firms	Market Cap (2/14/20)	Market Cap (3/20/20)	Market Cap (3/27/20)	3/20-3/27		2/14 - 3/27	
						\$ Change	% Change	\$ Change	% Change
Africa	Dividends	423	\$ 493,780	\$ 309,056	\$ 314,105	\$ 5,049	1.63%	\$ (179,674)	-36.39%
	No Dividends	226	\$ 84,596	\$ 54,336	\$ 53,959	\$ (377)	-0.69%	\$ (30,637)	-36.22%
Australia & NZ	Dividends	484	\$ 1,466,946	\$ 858,434	\$ 910,963	\$ 52,529	6.12%	\$ (555,983)	-37.90%
	No Dividends	739	\$ 149,392	\$ 93,729	\$ 103,959	\$ 10,230	10.91%	\$ (45,434)	-30.41%
Canada	Dividends	353	\$ 1,895,037	\$ 1,165,017	\$ 1,273,298	\$ 108,281	9.29%	\$ (621,739)	-32.81%
	No Dividends	1,030	\$ 382,200	\$ 223,889	\$ 254,707	\$ 30,817	13.76%	\$ (127,494)	-33.36%
China	Dividends	2,722	\$ 8,334,400	\$ 7,453,374	\$ 7,611,312	\$ 157,937	2.12%	\$ (723,088)	-8.68%
	No Dividends	3,433	\$ 5,697,760	\$ 4,978,097	\$ 5,059,353	\$ 81,256	1.63%	\$ (638,407)	-11.20%
EU & Environs	Dividends	2,171	\$ 12,114,913	\$ 8,254,640	\$ 9,023,901	\$ 769,261	9.32%	\$ (3,091,012)	-25.51%
	No Dividends	2,477	\$ 1,563,490	\$ 1,052,260	\$ 1,149,186	\$ 96,926	9.21%	\$ (414,304)	-26.50%
Eastern Europe &	Dividends	224	\$ 769,403	\$ 463,851	\$ 486,066	\$ 22,215	4.79%	\$ (283,337)	-36.83%
	No Dividends	192	\$ 51,716	\$ 33,823	\$ 35,028	\$ 1,206	3.56%	\$ (16,688)	-32.27%
India	Dividends	77	\$ 312,782	\$ 234,560	\$ 233,311	\$ (1,249)	-0.53%	\$ (79,471)	-25.41%
	No Dividends	1,684	\$ 1,893,956	\$ 1,286,686	\$ 1,241,359	\$ (45,327)	-3.52%	\$ (652,597)	-34.46%
Japan	Dividends	1,041	\$ 3,300,131	\$ 2,457,886	\$ 2,868,630	\$ 410,744	16.71%	\$ (431,501)	-13.08%
	No Dividends	2,773	\$ 2,753,374	\$ 2,023,056	\$ 2,374,737	\$ 351,681	17.38%	\$ (378,637)	-13.75%
Latin America &	Dividends	601	\$ 2,071,329	\$ 1,208,609	\$ 1,299,495	\$ 90,886	7.52%	\$ (771,834)	-37.26%
	No Dividends	315	\$ 313,731	\$ 173,582	\$ 190,592	\$ 17,010	9.80%	\$ (123,139)	-39.25%
Middle East	Dividends	646	\$ 2,835,427	\$ 2,387,214	\$ 2,415,628	\$ 28,414	1.19%	\$ (419,799)	-14.81%
	No Dividends	584	\$ 263,386	\$ 192,011	\$ 193,837	\$ 1,826	0.95%	\$ (69,549)	-26.41%
Small Asia	Dividends	4,811	\$ 4,549,653	\$ 3,195,934	\$ 3,400,169	\$ 204,235	6.39%	\$ (1,149,484)	-25.27%
	No Dividends	3,155	\$ 550,897	\$ 381,293	\$ 410,233	\$ 28,940	7.59%	\$ (140,664)	-25.53%
UK	Dividends	630	\$ 2,864,840	\$ 1,799,235	\$ 2,013,193	\$ 213,958	11.89%	\$ (851,646)	-29.73%
	No Dividends	424	\$ 206,442	\$ 128,128	\$ 139,862	\$ 11,734	9.16%	\$ (66,580)	-32.25%
United States	Dividends	1,866	\$ 26,070,398	\$ 17,167,148	\$ 19,062,133	\$ 1,894,985	11.04%	\$ (7,008,264)	-26.88%
	No Dividends	3,017	\$ 9,675,270	\$ 6,786,567	\$ 7,403,828	\$ 617,261	9.10%	\$ (2,271,442)	-23.48%
Global	Dividends	16,049	\$ 67,079,036	\$ 46,954,959	\$ 50,912,204	\$ 3,957,245	8.43%	\$ (16,166,832)	-24.10%
	No Dividends	20,049	\$ 23,586,212	\$ 17,407,458	\$ 18,610,640	\$ 1,203,182	6.91%	\$ (4,975,572)	-21.10%

The Debt/ Buyback Interaction: US stocks

Net Debt/EBITDA	Buybacks/No Buybacks	Number of firms	Market Cap (2/14/20)	Market Cap (3/20/20)	Market Cap (3/27/20)	3/20-3/27		2/14 - 3/27	
						\$ Change	% Change	\$ Change	% Change
Lowest	Buybacks	324	\$ 5,468,354	\$ 3,736,451	\$ 4,061,653	\$ 325,202	8.70%	\$ (1,406,701)	-25.72%
	No Buybacks	490	\$ 539,365	\$ 410,504	\$ 452,808	\$ 42,305	10.31%	\$ (86,556)	-16.05%
2nd Quintile	Buybacks	321	\$ 2,682,300	\$ 1,837,388	\$ 2,044,752	\$ 207,364	11.29%	\$ (637,548)	-23.77%
	No Buybacks	201	\$ 444,118	\$ 314,678	\$ 344,179	\$ 29,501	9.37%	\$ (99,938)	-22.50%
3rd Quintile	Buybacks	431	\$ 6,920,349	\$ 4,748,821	\$ 5,181,974	\$ 433,152	9.12%	\$ (1,738,375)	-25.12%
	No Buybacks	281	\$ 1,602,639	\$ 1,290,341	\$ 1,366,086	\$ 75,745	5.87%	\$ (236,554)	-14.76%
4th Quintile	Buybacks	615	\$ 6,957,648	\$ 4,528,436	\$ 5,076,972	\$ 548,536	12.11%	\$ (1,880,676)	-27.03%
	No Buybacks	266	\$ 972,579	\$ 602,767	\$ 677,986	\$ 75,219	12.48%	\$ (294,593)	-30.29%
Highest	Buybacks	742	\$ 7,158,779	\$ 4,518,549	\$ 5,070,329	\$ 551,780	12.21%	\$ (2,088,449)	-29.17%
	No Buybacks	562	\$ 2,844,512	\$ 1,852,854	\$ 2,073,457	\$ 220,603	11.91%	\$ (771,055)	-27.11%
Negative EBITDA	Buybacks	40	\$ 32,399	\$ 19,166	\$ 22,396	\$ 3,230	16.86%	\$ (10,002)	-30.87%
	No Buybacks	610	\$ 122,627	\$ 93,759	\$ 93,369	\$ (391)	-0.42%	\$ (29,258)	-23.86%
All US	Buybacks	2,473	\$ 29,219,828	\$ 19,388,811	\$ 21,458,076	\$ 2,069,265	10.67%	\$ (7,761,752)	-26.56%
	No Buybacks	2,410	\$ 6,525,839	\$ 4,564,903	\$ 5,007,885	\$ 442,981	9.70%	\$ (1,517,955)	-23.26%

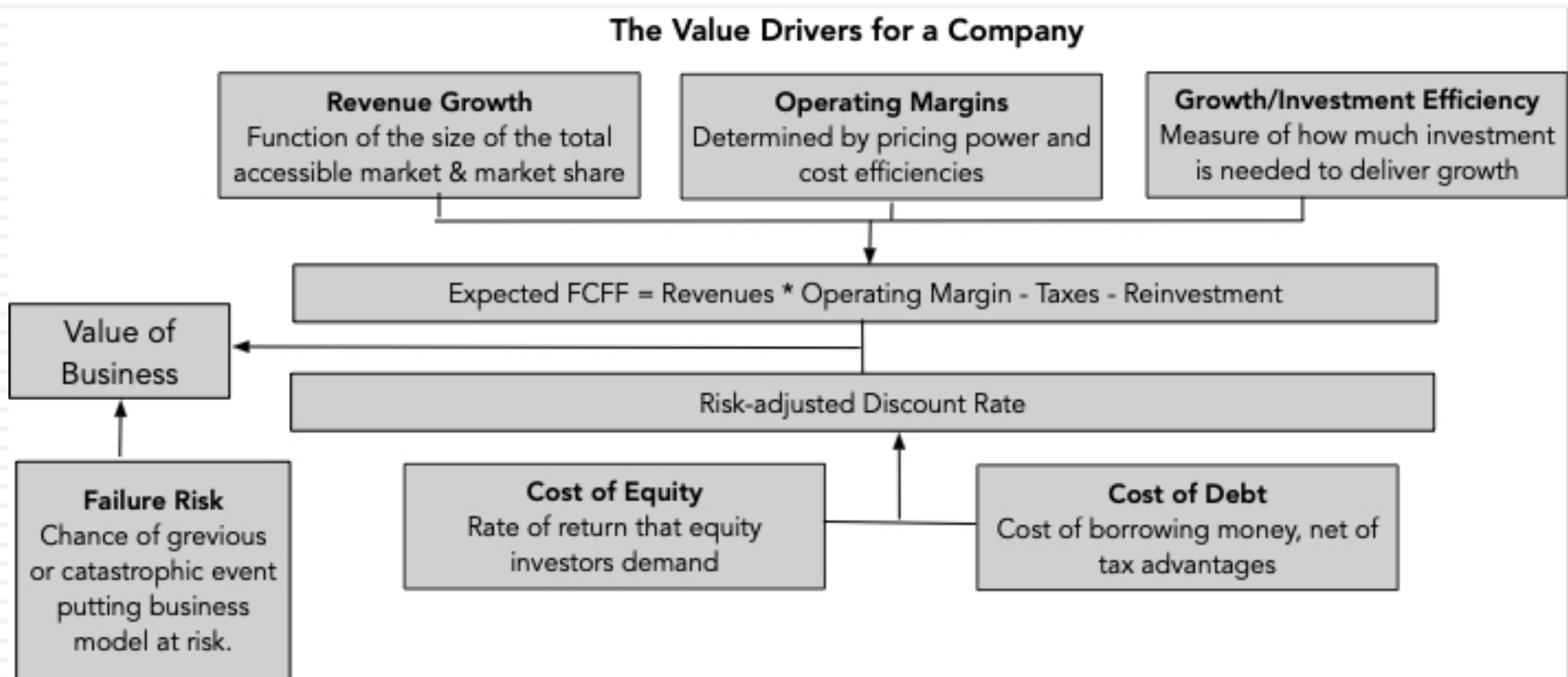
There is uncertainty...

- Historical data may be recent, but it is already dated: The most recent financial statements are only a few weeks ago but the revenues and earnings numbers reported in those recent financial statements seem almost useless, a reflection of a different economic setting. The same can be said about equity risk premiums and default spreads.
- This year will deliver bad news: There is almost no doubt that 2020 will be a bad year for all companies, with the key questions being how much of a drop in revenues companies will see this year and how this will translate into earnings shocks.
- Survival has become a central question: The magnitude of the shock to corporate bottom lines and the speed with which it has happened will put companies at risk, leaving debt-burdened and young companies exposed to default and distress.
- The post-virus economy will be different from the pre-crisis version: Every major crisis creates changes in business environment, regulations and business models that reshapes the economy and resets competitive games, setting the stage for new winners and losers.

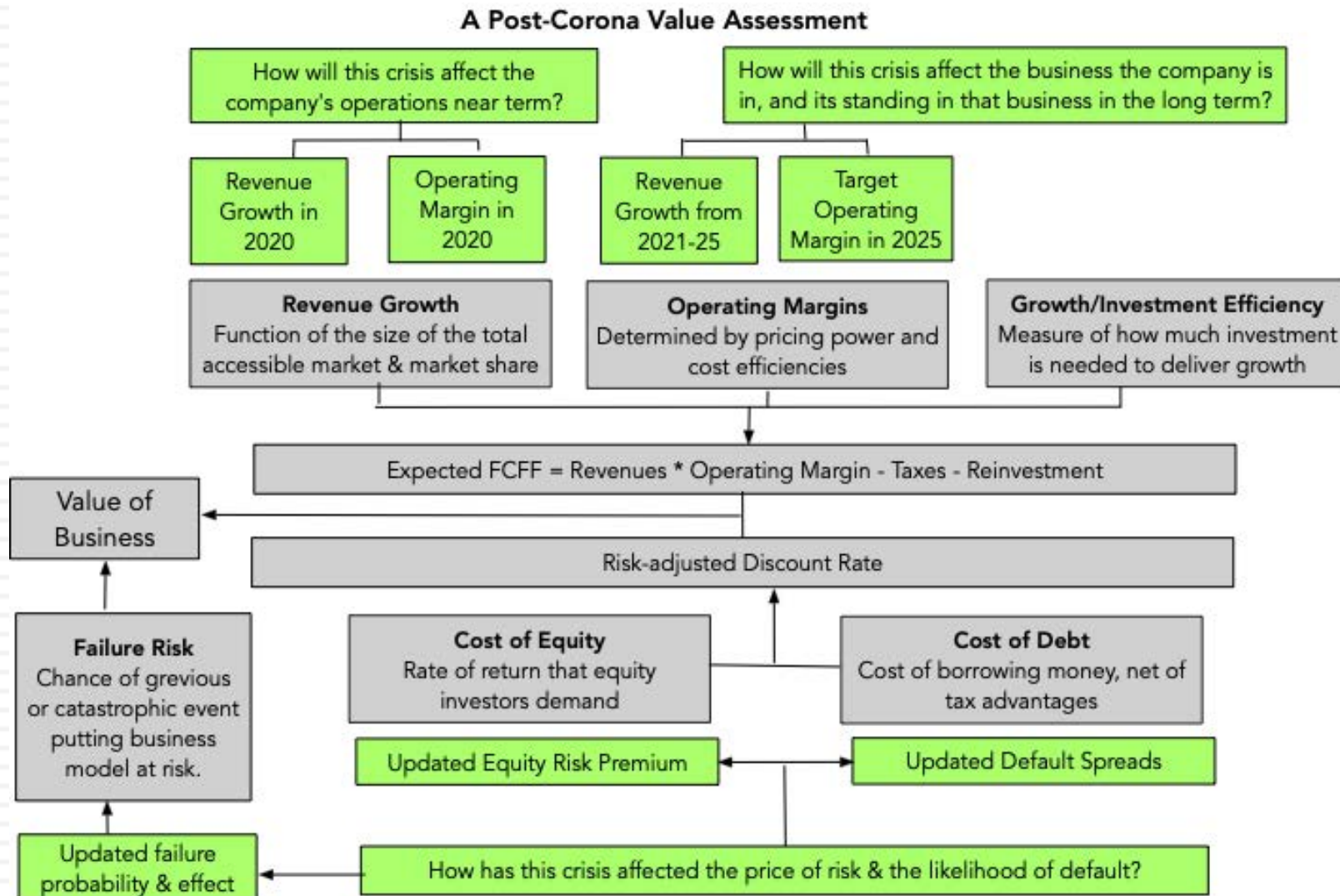
And the dark side beckons...

- If your concept of valuation is downloading last year's financials for a company into a spread sheet and then using historical growth rates, with some mean reversion thrown in, to forecast future numbers, you are probably feeling lost right now, and with good reason.
- It is also not a time to wring our hands, complain that there is too much uncertainty and argue that the fundamentals don't matter.
 - If you do so, you will be drawn to the dark side of investing, where fundamentals don't matter (paradigm shifts, anyone?), new pricing metrics get invented and you are at the mercy of mood and momentum.
- Ironically, it is precisely at times like these that you need to go back to basics.

The Basics of Value



A Post-Corona Version



Try it out on your own...

- I have a spreadsheet, with a video guide, that is structured around these inputs and allows you to value any company.
 - ▣ Spreadsheet: http://www.stern.nyu.edu/~adamodar/New_Home_Page/pc/fcf/simpleginzuCorona.xlsx
 - ▣ Video guide: <https://youtu.be/F9GfXJ-IrSA>
- You are trying to make a judgment call in a period of incredible volatility, where no one (managers, analysts, governments) know what is coming, but your reasoned guess is as good as anyone's estimate. So, be bold, make your best estimate, and remember that you can revisit your numbers! Carpe diem!