

Stock Market Update as the Nation Attempts to Recover from COVID-19 Crash

By Anne Luquette, J.D. Candidate 2022 | March 19, 2020

As businesses are forced to shut their doors due to the evolving pandemic, the stock market [took a significant hit](#) on Monday, March 16th. While the S&P 500 saw the most significant drop since the beginning of the outbreak (roughly 12%), it seems the market is already [making strides](#) to recover.

On Thursday, the S&P 500 and Dow Jones were able to trade [relatively high](#) after a week of abysmal decline. Contrary to past expectations derived from similar economic events, many tech stocks are gaining strength in spite of the crisis. The mandated social distancing and shelter-in-place in certain counties has led to a resurgence of usage for companies like Facebook, Netflix, and Amazon, and their stocks in particular appear to be recovering as of today (up 7%, 8%, and 5% respectively). It seems that investors may have found more confidence in tech companies that were able to react quickly and efficiently to the crisis and continue to provide services to people during this isolating time.

Additionally, the volatility of the market is at an all-time high as investors evaluate the current onslaught of information regarding COVID-19. Wall Street investors are watching policy makers closely as they consider drastic bailouts accompanied by limits on stock buybacks and executive compensation. However, these limitations may actually hinder shareholder value. With stock buybacks, companies can make massive purchases of their own stock in order to raise their stock price and help the market recover. By limiting companies' ability to superficially inflate stock prices, the bailouts may not be as effective as they could be.

As with the pandemic itself, this situation is continually evolving. Although the stock market appears to bounce back, the economic implications of this virus will be felt by many in the coming months. Economist Patrick Anderson commented: "This is a body blow to the economy unlike anything we've experienced in recent memory. Even the Great Recession did not include shuttering of businesses by government order at the same time that people were being told to stay home."

This is undoubtedly an unprecedented time, and solutions from policy makers and community members must be equally unique.

