COVID and Private Equity

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On February 12 a columnist Barron's wrote: "The three main U.S. stock indices closed at record highs as concerns over the coronavirus economic impact seemed to fade…Can anything stop this rally?"

That was six weeks ago. The Dow was at 29,551. Today it's 8,000 points lower, the economy at a standstill, global markets in shambles, Americans stuck at home.

As value investors by nature, PE firms know businesses may be available at bargain basement prices. But how do you analyze a new investment when revenues just evaporated?

As Jamie Dimon famously put it, selling a house is not the same as selling a house on fire. In the meantime, PE shops are looking closer to home.

?? Read March 23 2020 newsletter: here

?? Chart of the Week: here (by BEA, Nuveen)