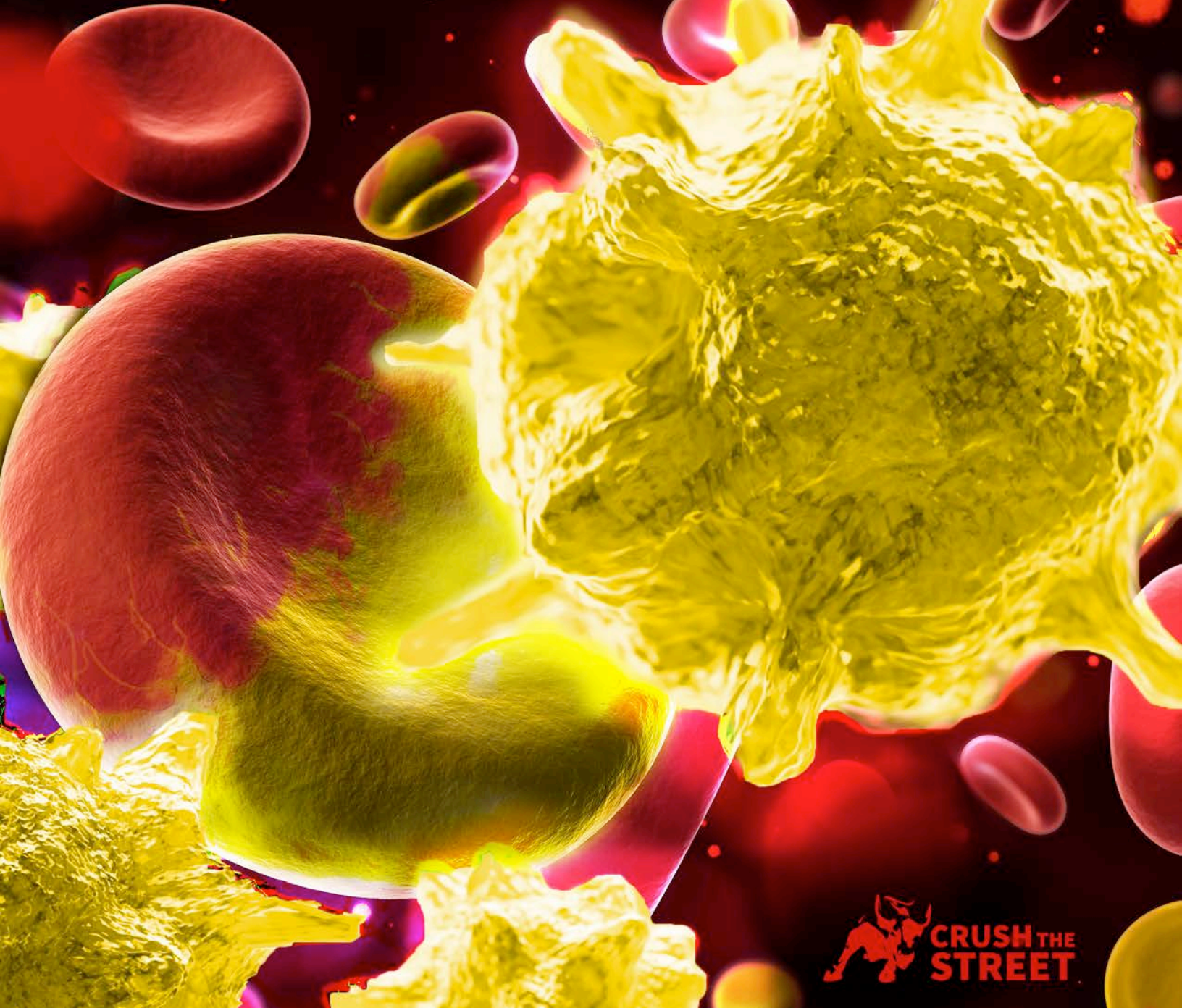


# GLOBAL PANDEMIC 2020:

MARKET CRASH, RECESSION AND CALAMITY!





## URGENT CORONAVIRUS UPDATE: Protecting Your Home and Your Wealth for a Global Pandemic

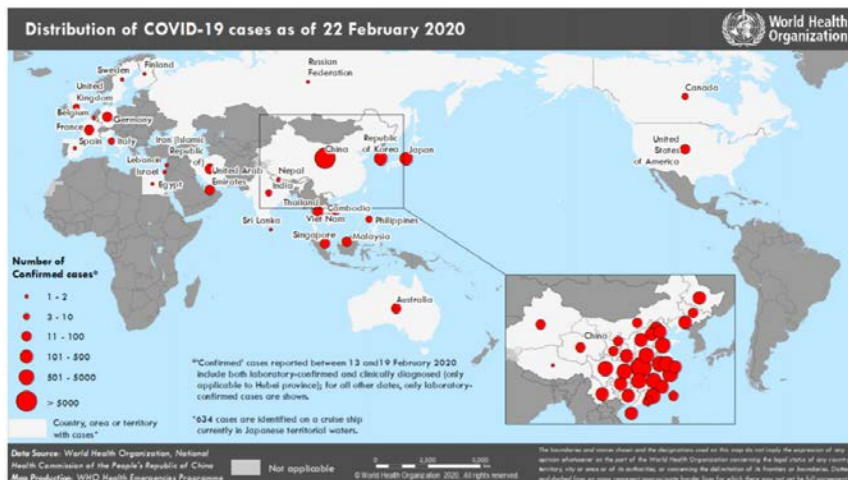
Governments have tried their hardest to deny, contain, and suppress both the virus and the news, but it's too late now and the threat is 100% real. The coronavirus, scientifically known as COVID-19, is spreading fast and far, making it impossible for global citizens to ignore its impact.

A recent [situation report](#) from the World Health Organization counts nearly 80,000 confirmed COVID-19 cases worldwide and more than 2,000 deaths in China, plus a growing number of sicknesses and deaths outside of China. And that's just the confirmed cases – it's well understood that the Chinese government is likely underreporting the numbers of illnesses and fatalities.

With over 1,400 confirmed cases outside of China, the World Health Organization has labeled the coronavirus outbreak as a high global risk. They recently reported that two new countries, Lebanon and Israel, have reported cases of COVID-19, adding to a long and growing list that includes confirmed cases in the United States, Russia, Spain, the United Kingdom, India, Germany, France, Italy, Canada, Australia, and regions of Asia, as well as the Middle East.

In one nightmarish scenario, more than 200 passengers were sickened and over 3,500 people were stuck on the Diamond Princess cruise ship off the coast of Japan. The cruise ship quarantine did little to quell the public outrage, with Johns Hopkins infectious disease specialist Dr. Amesh Adalja [calling it](#) “cruel and inhumane” and saying it “created a horror show on the ocean.”

Containing the spread of the coronavirus is extremely difficult because it is so easily transmitted. This virus is known to survive for hours outside of the human body, and it can be transmitted through coughing, sneezing, close personal contact, shaking hands with someone, or even just touching your nose, mouth, or eyes after touching an object that an infected person touched.



*Courtesy: World Health Organization*

This particular virus has also spread quickly because it started in China, the world's most heavily populated country with 1.4 billion people. Governments and the mainstream media originally tried to present the coronavirus as a localized epidemic, but now they're forced to admit that it's a globalized pandemic.

While international travel has diminished, the fact remains that people are still going to travel, and that makes it virtually impossible to stop COVID-19 from spreading further than it already has. For

instance, Israel's Health Ministry recently reported that nine South Korean nationals who visited the West Bank have tested positive for the virus and they had to quarantine 200 Israeli residents who may have had contact with them.

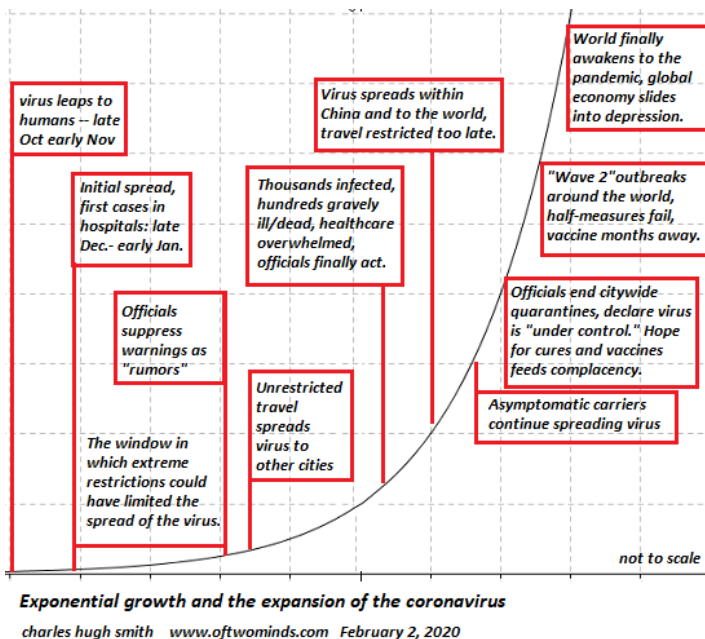
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Meanwhile, in the largest outbreak outside of China so far, the number of reported coronavirus infections in Italy has exceeded 100 and the government has placed a dozen Italian towns under emergency quarantine. They're also closing schools and universities in northern Italy as Italian Prime Minister Giuseppe Conte has vowed to impose "rigorous and meticulous controls."

Desperate government officials might claim that COVID-19 isn't a pandemic, but it has the telltale signs:

- Extremely contagious but often shows no symptoms at first (sometimes for two weeks or longer)
- Spread through numerous pathways (contact, surfaces, coughing/sneezing, etc.)
- Can be lethal to vulnerable populations and people with other conditions (a [study](#) published in the scientific journal Lancet found that 61.5% of coronavirus-infected patients with severe pneumonia will not survive)
- Can remain active on surfaces for prolonged periods
- Symptoms mimic those of the flu, so carriers might not know they're infected and might continue to interact with other people, thereby spreading the virus
- It's a new virus strain, so the population isn't immune from previous outbreaks
- Quarantines (as on the Diamond Princess cruise ship) proved to be ineffective
- Governments and private-sector biotech companies continue to struggle to find a vaccine

The rate of infection, along with the impact on the population and global economy, is likely to expand not at a steady rate, but at a parabolic rate:



**The window of opportunity for governments to quickly contain the effects of the virus has already passed. We're now at the steep end of the curve, where containment becomes exponentially more difficult and the citizens are effectively left to fend for themselves.**

Regardless of your location or situation, you need to prepare yourself and your family for this to potentially get much worse. International travel should be avoided if possible, and frequent hand washing is a must, especially after you've had direct contact with other people – or even animals, which can also carry and spread the coronavirus.

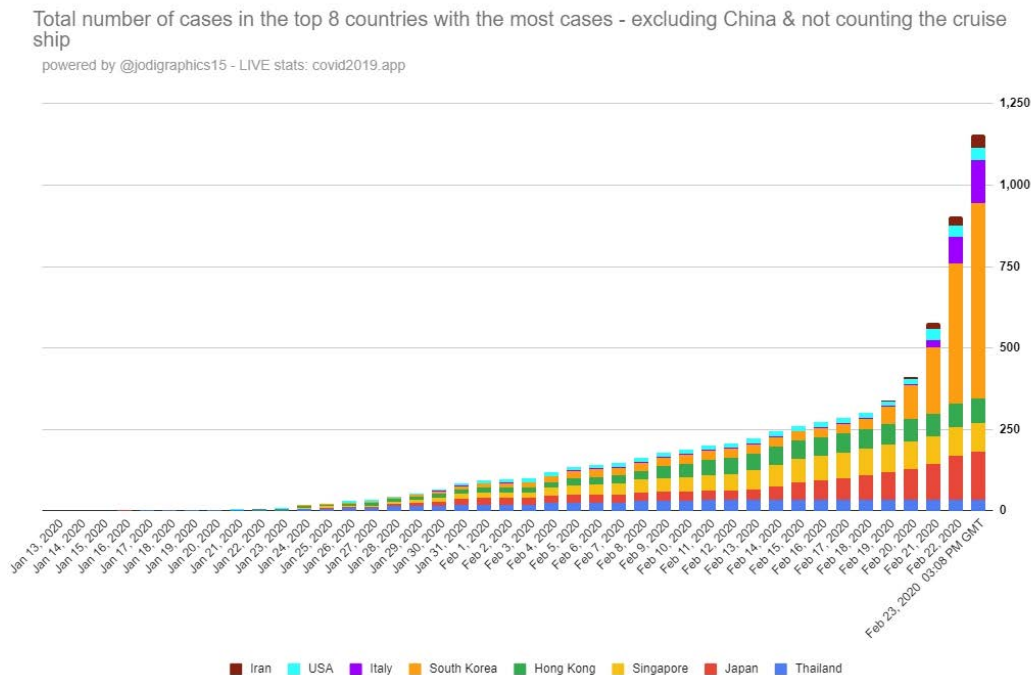
Courtesy: Charles Hugh Smith, ZeroHedge

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Securing your home and stocking up on supplies is essential to surviving this pandemic. You need to prepare to be in your home for up to 60 days, and it's strongly recommended that you have ample stockpiles of the following items:

- Non-perishable food
- Water and fluids with electrolytes (also consider a gravitational water filter)
- Vitamins
- Necessary medications (check the expiration dates)
- Face masks
- Antibacterial soap and hand sanitizer with a high alcohol content
- First-aid kit
- Batteries
- Hygiene products

These supplies won't just come in handy if you choose to stay inside your home – they could become necessary if the government or the severity of the pandemic forces you and your family to stay indoors. By the time it has spread out of control, you might not have an opportunity to get the supplies you and your loved ones need the most.



Courtesy: ZeroHedge

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South Korean President Moon Jae-in has cautioned that the COVID-19 outbreak is reaching a “critical watershed” moment, and he’s 100% right about that. Counting on governments to keep us secure – or even to report the facts – is a sure path to disaster, so it’s ultimately your responsibility to stay informed and safe.

Your health is critically important, and that includes your financial health – you need to anticipate what’s coming in the national and global economies as the virus takes hold. Central banks want you to believe that the economy and markets are immune to the coronavirus, but the data clearly indicates otherwise.

The economic fallout of the viral outbreak is proof-positive that the international markets are fully unprepared for a shock of this magnitude. The Chinese stock market plunged 9.1% in a single trading session on February 3rd – that’s a major market index, not just a single stock. Chinese stocks like Alibaba and Baidu, and even Luckin Coffee, lost billions in market value very quickly as news of the Wuhan-based virus spread.

And if you think that your American stocks are safe because they’re not Chinese, you’re wrong. Companies like Google, Apple, Tesla, and Microsoft all have manufacturing plants in China, along with tens of thousands of employees there – but they’ve had to shut down the plants and send the workers home, effectively grinding production to a halt.

In the Chinese province of Hubei, where Wuhan is the capital city and 50 million people reside, people were ordered not to leave. Quarantines, lockdowns, and isolation were the only real “solution” – and a highly ineffective one – as citizens scrambled to get face masks and keep their families safe.

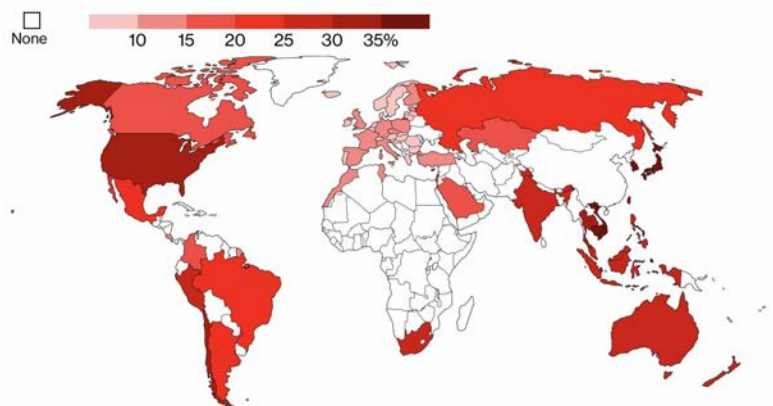
In a concerted effort to minimize and suppress the real financial impact of the coronavirus, the media has tried to compare it to the SARS outbreak of 2002 and 2003, which was eventually contained. But you can’t really compare the two incidents, as SARS came out of Beijing at a time when China was the sixth-largest economy with 8.7% of the world’s GDP, while the coronavirus is coming out of Wuhan during a time when China is the second-largest economy with 19.3% of the world’s GDP.

This is definitely not SARS – it’s much worse than that. Just like the cruise ship, international economies are stuck and major industries are grinding to a halt. Because people are understandably hesitant to travel, the airline, hotel and resort, and casino markets are in a tailspin.

**But it’s not just restricted to luxury markets, as travel restrictions are taking a considerable toll on the already-troubled international supply chains. All continents are impacted by this, but the delicate trade balance between the United States and China is particularly susceptible to disruptions.**

The global shipping and manufacturing sectors, typically considered the lifeblood of the economy and already in deep trouble last year, are now vulnerable to further deterioration due to the coronavirus. At the same time, the

**How Coronavirus Can Infect Global Supply Chains**  
Share of all imports of intermediate products coming from China



Source: OECD TIVA, Bloomberg Economics

*Courtesy: Bloomberg*



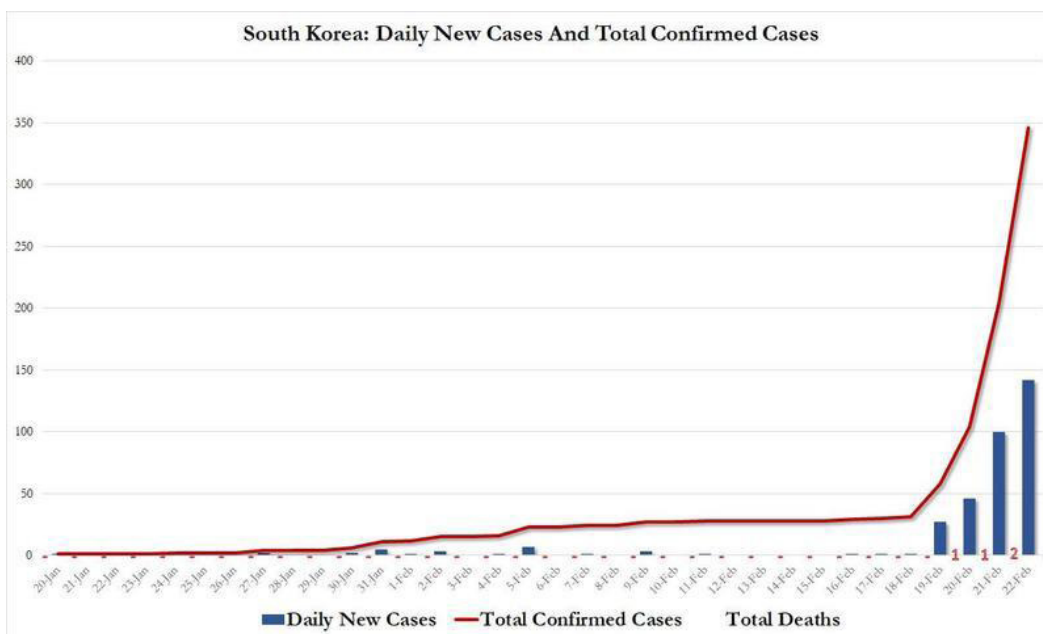
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mentioned tech and mobile mega-corporations (Apple, Microsoft, etc.) are struggling because their primary manufacturing operations are based in China.

Apple even [admitted that](#) the company is “experiencing a slower return to normal conditions than we had anticipated,” the “worldwide iPhone supply will be temporarily constrained,” “All of our stores in China and many of our partner stores have been closed,” the “demand for our products within China has been affected,” and worst of all for Apple shareholders, the company does “not expect to meet the revenue guidance we provided for the March quarter.”

Along with a handful of similar tech stocks, Apple has been disproportionately responsible for the American stock market’s meteoric rise. Valuations have become stretched and participation in the market rally has been narrow, so if Apple, Microsoft, and other tech giants falter, the entire market could come crashing down like it did in the early 2000s.

Along with the obvious tech brands and cruise lines, other industries that are particularly vulnerable to factory shutdowns and supply chain disruptions include the automotive and telecommunication markets. But keep your eye on the electronics market, which is especially fragile right now – for instance, with the virus spreading rapidly in South Korea, Samsung has reportedly shut down a smartphone factory after a coronavirus case was confirmed there.



*Courtesy: ZeroHedge*

**Automakers Hyundai and Kia have also experienced factory shutdowns in South Korea, while major electronics maker Hynix recently sent 800 employees home due to the COVID-19 outbreak. Meanwhile, German auto-parts supplier Webasto had to shut its factory down for two weeks after eight workers had contracted the virus.**

As an informed investor, you need to prepare for this to get much worse before it gets better – and consider positioning yourself away from expensive market sectors with little tolerance for virus-driven disruptions.

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Again, your government will be of little help to you because they're as unprepared and clueless as anyone.

Central banks will, as you should expect, respond with the only strategy they know: more monetary stimuli. Both the Chinese and American central banks will crank up their money-printing machines in desperation, flooding their banking systems with fiat currency in a last-ditch attempt to appease investors.

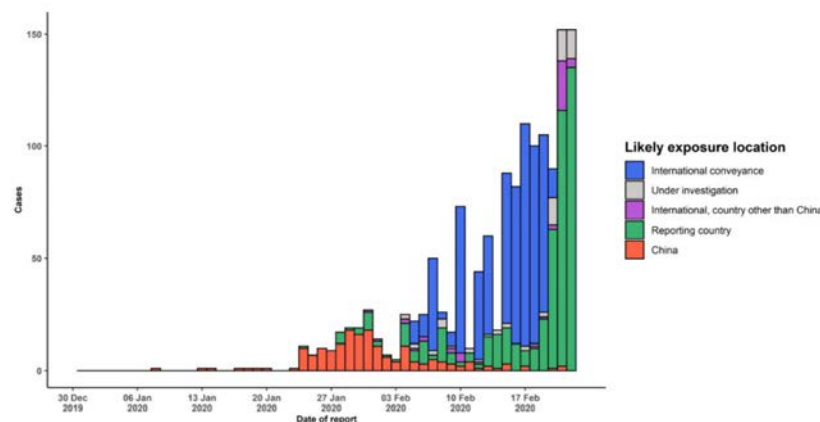
The U.S. Federal Reserve will continue its bond-buying program and will suppress interest rates until they're not just zero, but negative. That's the unmistakable direction of American government bond yields, as every single one of them now yields less than the rate of inflation. That's right: the U.S. inflation rate is 2.5% and the 30-year Treasury yield just hit an all-time low of 1.89%.

That might sound unbelievable, but you need to expect the unexpected as you'll soon bear witness to a number of historical firsts. The virus may be so disruptive that the U.S. election could be postponed – be ready for just about anything to happen.

Institutional investors are not yet prepared for the massive sector rotations that are about to take place, but they will be forced into certain sectors when formerly high-flying tech stocks tumble. You can and should prepare for extreme market volatility and shifts into specific sectors before the market makers pour their capital into them.

One sector that stands to gain from the spread of the virus is healthcare, which will likely face not only increasing demand, but also supply shortages – in fact, Axios [reported that](#) around 150 prescription drugs are already at risk of shortage due to the coronavirus outbreak in China. These include vitally important medications, including antibiotics, generics, and some branded drugs that have no generic alternatives.

Figure 3. Epidemic curve of COVID-19 cases (n=1402) identified outside of China, by date of report and likely exposure location, 22 February 2020



*Courtesy: World Health Organization*

**Therefore, you might consider vaccine makers like Inovio (INO), Novavax (NVAX), and Moderna (MRNA) as biotechnology companies compete to introduce the much-sought-after scientific solution (if such a thing exists) to COVID-19.**

If you're more risk-averse, you could stock up on dividend-paying healthcare stalwarts like Bristol-Myers Squibb (BMY), Eli Lilly (LLY), Merck (MRK), Pfizer (PFE), Walgreens (WBA), and United Health Group (UNH).

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Along with the healthcare industry, expect gold companies to benefit greatly from the explosive spike in fear, uncertainty, and market volatility. Physical gold has already pushed through the key \$1,600 level on its way up to the previous high price of around \$1,900, demonstrating that gold is not only an ideal safe-haven asset, but also an engine of asset appreciation for resource sector investors.

One way to play this is through a long position in precious metal royalty and streaming companies, such as Franco-Nevada (FNV) and Wheaton Precious Metals (WPM), which stand to benefit from miners' enhanced profits as the gold price rallies. Another route is to own shares of the Sprott Gold Equity Fund (SGDLX). As of March 4, 2020, it includes physical gold along with Franco-Nevada and a nice balance of gold and silver miners.

Similar to the Sprott fund is the U.S. Global GO GOLD and Precious Metal Miners ETF (GOAU), which is recommended by investing legend Frank Holmes as an ideal entry point into the gold mining space. Along with Franco-Nevada and Wheaton Precious Metals, GOAU's portfolio includes highly-respected gold names like Royal Gold (RGLD), Osisko Gold Royalties (OR), and Sandstorm Gold (SAND).

**For a truly pure play in the gold sector, GoldMining Inc. (TSX:GOLD, OTCQX:GLDLF) comes highly recommended. This one checks all of the boxes and more: a large cash balance with no debt, strong insider ownership with key shareholders like Sprott Global, KCR Fund, and Extract Capital. GoldMining Inc. specializes not just in buying gold assets, but in acquiring them near the bottom of the gold cycle; owning shares of this company is like being part-owner of gold assets at a deep discount.**

Share Structure		Key Shareholders	
Issued & Outstanding	144.8 M	KCR Fund	Sprott Global
Options + RSUs	12.1 M	BRASILINVEST	Extract Capital
Fully Diluted**	156.9 M	IAMGOLD Corporation	Marin Katusa
Market Cap	C\$235 M	Ruffer Gold	

As the health crisis worsens, the healthcare stocks could flourish due to sudden shifts in supply and demand. A similar supply-demand rebalancing – along with cratering government bond yields and fiat currency values – should propel both physical gold and gold mining shares to breathtaking heights before the year is over.

Call it the “fear trade” or the “panic trade” or whatever you’d like – names don’t matter as long as you’re on the right side of the trade. Above all else, have the right items ready for your family’s sake and position yourself for seismic changes because both your health and your wealth are on the line.



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