



**ESPARZA**  
GROUP

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(480) 473-9450

**Schedule A Meeting!**



## Focus On Your Financial Future

### Vince's View

We hope you are all staying safe and healthy during this uncertain time! Please reach out at any time if you have any concerns.

Keep an eye out for Vince's BOMB BOMB videos on upcoming events! We hope to be able to host more events in 2020. We are happy to schedule video conference calls or still meet with you one on one in the office. We are taking extra precautions to ensure that our office is as sanitary as possible.

2019 was a year of change and growth for the Esparza Group. We have partnered with Advisors Excel to help us with our marketing and insurance operations. Numerous technology enhancements were made including a complete revamp of our website. We also implemented more client focused elements to our office including reserved parking for our clients. We now have an additional asset on our team. Andrew Corcoran is our full time Paraplanner. He handles financial planning case preparation, client follow up, IT and technology enhancements.

Please refer to our website [www.esparzagroup.org](http://www.esparzagroup.org) for all of our upcoming events. In 2019, we hosted a few wine tasting events at the office, a cooking class at Sur La Table, a Cinco de Mayo party at our home and a Holiday party at Oregano's. We look forward to seeing many of you at our future events in 2020 and we always welcome your friends and referrals to our events!

# The Coronavirus and The Global Economy

The Coronavirus and the Global Economy As of February 26, 2020, the death toll from COVID-19 — the official name of the coronavirus first reported in Wuhan, China — passed 2,700, while the number of confirmed cases exceeded 80,000. Almost all were in China, most of them in Wuhan and the surrounding Hubei province. But more than 2,500 cases, including 46 deaths, had been reported in almost 40 other countries. A surge of cases and deaths in South Korea, Italy, and Iran caused new concern that the virus may be difficult to contain.<sup>1</sup>As of today, 1,413 cases have been reported in AZ.

## Cities under lockdown

By mid-February, at least 150 million people in China were under restrictions affecting when they could leave their homes, and more than 760 million — about 10% of the world's population — lived in communities under some form of travel restriction.<sup>2</sup> Most global airlines cancelled service to and from China, disrupting tourism and business travel.<sup>3</sup> The Chinese government enacted restrictions around the time of the Lunar New Year celebration, during which many businesses were closed, lessening the immediate impact. However, as factories and other businesses remained closed after the holiday, the loss of Chinese production and consumer spending began to take a toll on global businesses.<sup>4</sup>

## Lost supply and demand

Many U.S. technology companies have manufacturing operations in China while also selling to Chinese businesses and/or consumers. Companies with substantial exposure to the slowdown in China include big tech brands such as Apple, Dell, Hewlett Packard, Intel, and Qualcomm, as well as many smaller tech businesses.<sup>5-6</sup> Vehicle manufacturers throughout the world rely on Chinese-made parts, and many have plants in China. General Motors (which sells more cars in China than in the United States), Ford, Toyota, BMW, Honda, Nissan, Tesla, and Volkswagen all suspended operations in China, while Hyundai and Renault closed plants in South Korea, and Fiat Chrysler closed a plant in Serbia, all due to parts issues.<sup>7-9</sup> Global retailers including Apple, Ikea, Levi Strauss, McDonald's, KFC, and Starbucks temporarily closed stores in China.<sup>10-11</sup> In addition to disruptions in the global supply chain and Chinese consumer market, the tourism industry in the United States, Europe, and other Asian countries may be hard hit by the absence of Chinese tourists. One estimate suggests a loss of almost \$6 billion in U.S. airfares and tourist spending.<sup>12</sup> Although it is too early to measure the full effect on global business, a private report released on February 21 indicated that U.S. business activity had slowed in February to the lowest level in six years, with the biggest hit to the service sector, where travel and tourism are major components. The report also indicated a sharp drop in Japanese business due to lost tourism and export orders. Exports were down in Germany, but the initial impact on the eurozone was minimal.<sup>13</sup>

## Oil pressure

China is the world's largest importer of crude oil, and Wuhan is a key center of its oil and gas industry. The prospect of lower demand drove oil prices into bear-market territory — defined as a drop of 20% from a recent high — in early February. Prices rose later in the month but dropped again with news that the virus may be spreading. Natural gas prices have also been hit by the prospect of lower growth in Asia. While lower prices may be good for U.S. consumers, oil-exporting nations, including the United States, will face lower revenues, and energy companies that are already on rocky ground may struggle.<sup>14-17</sup>

## Market reaction

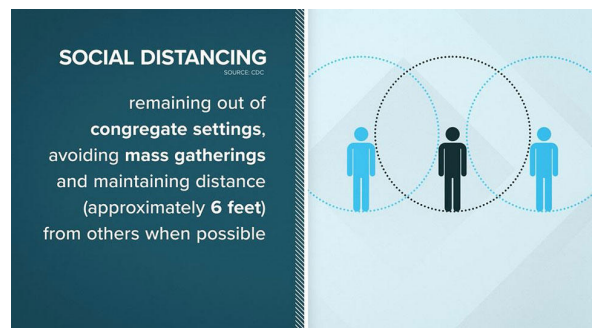
In late January, the Dow Jones Industrial Average lost 3.7%, due in large part to concerns about the virus, wiping out gains for the year.<sup>18</sup> The market bounced back quickly and set new records in February, but weak business news and a rash of cases outside of China sent it plunging, with a loss of almost 8% from February 19 to 25.<sup>19-20</sup> This suggests that the market may be volatile for some time and that future direction might depend on the progress of disease control and emerging information on the impact of the virus on U.S. and global businesses.

## Global growth outlook

Anything that affects China, the world's second-largest economy, can have a powerful ripple effect around the globe. An early February report by Moody's Analytics estimated that every 1 percentage point reduction in China's real gross domestic product (GDP) will reduce global GDP outside China by 0.4%. The report projected that disruption caused by the virus would cut more than 2 percentage points off China's GDP growth in the first quarter of 2020 and result in a loss of 0.8% growth for the year. This in turn would cause a loss of about 0.3% in annual global GDP growth outside China and about 0.15% in the United States. Moody's lowered its projection for 2020 global growth from around 2.8% to 2.5%.<sup>21</sup> In a February 16 forum, Kristalina Georgieva, managing director of the International Monetary Fund, was more optimistic, suggesting that the virus might shave 0.1% to 0.2% off the IMF's 2020 global growth projection of 3.3%. Georgieva cautioned that there was still a "great deal of uncertainty" and emphasized that the economic damage depends on the length of the disruption. If the disease "is contained rapidly," she said, "there can be a sharp drop and a very rapid rebound."<sup>22</sup> The immediate concerns are to combat the virus on a human level and normalize business activity, but the outbreak could accelerate the shift of U.S. and European manufacturing away from China, creating a more diversified global supply chain.<sup>23-24</sup> The situation remains in flux, so you may want to keep an eye on further developments.

All investments are subject to market volatility and loss of principal. Investing internationally carries additional risks such as differences in financial reporting, currency exchange risk, as well as economic and political risk unique to the specific country. This may result in greater share price volatility. Shares, when sold, may be worth more or less than their original cost.

1) South China Morning Post, February 26, 2020 2) The New York Times, February 18, 2020 3-4, 21) Moody's Analytics, February 2020 5, 23) The Wall Street Journal, February 18, 2020 6, 10) Los Angeles Times, February 4, 2020 7) Forbes, February 12, 2020 8) Car and Driver, February 4, 2020 9) The Wall Street Journal, February 14, 2020 11-12, 14-15, 18) The Wall Street Journal, February 3, 2020 13) The Wall Street Journal, February 21, 2020 16, 20) The Wall Street Journal, February 25, 2020 17) The Wall Street Journal, February 7, 2020 19) The New York Times, February 20, 2020 22) Bangkok Post, February 17, 2020 24) South China Morning Post, February 18, 2020



NEW YORK (AP) — Can my kids go on a play date? Is it OK if I visit the gym?

In this time of coronavirus, once-easy questions have suddenly become complex.

Here are some questions and answers about the "social distancing" efforts to slow the epidemic in the U.S.

### WHAT IS SOCIAL DISTANCING?

Social distancing are practices implemented by public health officials to keep contagious diseases from spreading.

The measures are aimed at trying to cut down the amount of virus spreading around, and ultimately protect those most vulnerable, including the elderly and people with weakened immune systems.

### WHAT MEASURES HAVE BEEN TAKEN?

Governments have closed borders, and millions of workers and students have been ordered to stay home. On Monday, U.S. officials recommended that older people and those with underlying health conditions "stay home and away from other people." The U.S. is also telling people not to gather in large groups.

And experts also recommend people try to stay at least 6 feet (about 2 meters) away from each other.

### WHY 6 FEET?

Experts believe the virus is mainly spread through droplets that come out of your mouth and nose. When an infected person speaks or exhales or coughs or sneezes, the droplets travel about 3 to 6 feet (1 to 2 meters) before gravity pulls them to the ground.

"They fall pretty quickly," said Dr. Jill Weatherhead, an infectious disease expert at the Baylor College of Medicine in Houston.

It's important to try to block coughs or sneezes with a tissue or your sleeve, so as to not send those droplet flying directly toward someone nearby.

### **CAN I GO OUTSIDE AT ALL?**

Yes, with some exceptions. And the guidelines vary based on where you live.

"We're not being told to stay at home and lock the doors," said Dr. William Schaffner, a Vanderbilt University infectious diseases expert. "We're not there yet, and I don't think we'll get there."

People who have coughs and sneezes should stay home as much as possible, and call ahead to the doctor's office if they're planning to get their illness checked out, he added.

People who have confirmed coronavirus illness should stay home, as should those who were in close contact with a confirmed case.

### **WHERE CAN I GO?**

Options are becoming limited, with school, gym and restaurant closures in some places, and work-from-home edicts.

Officials in six San Francisco-area counties on Monday told nearly 7 million people to stay inside and venture out only for necessities.

If you live someplace without such restrictions, it's best just to use good judgment. If restaurants are open, it's OK to go to eat. But go in a small group and try to get a table away from others.

It's necessary to buy food. But try to go to the supermarket at times when it's less crowded, stay 6 feet away from other shoppers as much as you can, and wash your hands thoroughly when you get home.



## **Have you scheduled your 2020 review?**

The Espaza group is looking forward to meeting with you in 2020!

Please call the office to schedule your 2020 review. (480) 473-9450

We would like to make sure your retirement plan is on target. Every year brings new challenges and your plan should be updated accordingly.



## Carne Asada Tacos

As most of you know, we love Mexican food! With Cinco de Mayo approaching, we like to change up our recipes. This one has been a hit in our house for quite some time. We are sorry to inform you that our annual Cinco de Mayo party will be canceled this year. We plan to have another client celebration when social gatherings can commence. In the mean time please stay healthy and enjoy your families.

### Ingredients:

1 1/2 pounds boneless beef top sirloin, cut into thin bite-size slices  
 1/2 teaspoon salt  
 1 teaspoon freshly ground black pepper  
 crushed red pepper to taste  
 1 lime  
 1 (28 ounce) can tomatillos  
 2 fresh jalapeno peppers, seeded  
 4 tablespoons canola oil, divided  
 1 (10.5 ounce) can beef broth  
 12 (6 inch) corn tortillas  
 1/2 large onion, chopped  
 2 tomatoes, chopped  
 1 avocado - peeled, pitted and sliced  
 1 bunch fresh cilantro, chopped  
 1 lemon

**Total Time: 1h 15m 6 Servings 472 cals**

### Directions:

**Prep 30 m Cook 45 m Ready In 1 h 15 m**

1. Place sliced meat into a shallow bowl, and season with salt, black pepper, and crushed red pepper. Squeeze the lime juice over the meat, and turn until evenly coated. Cover, and refrigerate for 30 minutes.
2. In a blender or food processor, combine tomatillo and jalapeno. Puree for 15 to 20 seconds, or until thick. Heat 1 tablespoon oil in a large skillet over medium high heat. Carefully pour in tomatillo mixture. Cook, stirring frequently, for 5 minutes. Stir in beef broth. Reduce heat, and simmer for 20 to 30 minutes, or until mixture coats a spoon. Transfer mixture to a serving dish.
3. Heat tablespoon oil in a large skillet over high heat. Stir in 1/3 of the beef, and saute for 1 minute. Transfer to serving dish. Repeat with remaining beef. Meanwhile, heat tortillas in the oven or microwave, according to package instructions.
4. To serve, place two tortillas on top of each other. Add desired amount of meat, spoon over some tomatillo mixture. Top with onions, tomatoes, avocado and cilantro. Garnish with a wedge of lemon, to be squeezed over taco before eating.

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