



## MORNING BRIEFING

March 16, 2020

### The Best Cure for a Viral Pandemic Is a Viral Panic

Check out the accompanying [chart collection](#) and [podcast](#).

(1) Panic may be a healthy response to viral pandemic. (2) Blaming the kids for the seasonal flu. (3) The benefits of online education and work. (4) The weather theory makes sense, but is controversial. (5) It's getting warmer in Wuhan. (6) China vs Italy. (7) Is the H1N1 outbreak of 2009 relevant? (8) Mad dash for cash caused widespread market illiquidity last week. (9) VIX and credit spreads blew out last Thursday. (10) Commodities signaling a less bad outcome? (11) Germany and US policy responses helped to boost stocks on Friday.

**Breaking News: Fed Attacks the Virus.** Just as we were about to send out our advance copy of Monday's *Morning Briefing* on Sunday evening, the Federal Open Market Committee (FOMC) slashed the federal funds rate by 100 basis points to a range of zero to 0.25%. The Federal Reserve Board of Governors slashed the discount rate from 1.50% to 0.25%. In addition, QE bond purchases will resume. The Fed will increase its holdings of Treasury securities by at least \$500 billion and its holdings of agency mortgage-backed securities by at least \$200 billion.

Last week's liquidity crisis in the capital markets certainly spooked Fed officials as much as it spooked investors. These measures will pour more liquidity into the markets. They should help to stabilize them. Of course, there is nothing the Fed can do about the viral pandemic. But these moves should help to calm the pandemic of fear in the financial markets.

**Virology: The Kids Are Home.** I have five children. Two of them are in college. Now both of them are home because their schools' second semesters have been terminated as administrators reacted to a couple of local cases of COVID-19. I think that they acted out of an abundance of caution. That's a good thing. The more that we all wash our hands, practice social distancing, and stay home (and away from grandma and grandpa), the sooner that the viral pandemic should abate. In other words, the global pandemic of fear may be the best and fastest cure for the COVID-19 disease.

Could it be that the seasonal flu is attributable to the seasonal school year rather than the seasonal weather? The flu season tends to start at about the same time as kids go to back to schools and colleges during the fall. The kids infect one another and come home from school every day or during Thanksgiving and the winter break, infecting the rest of us. Many of us get the flu (even if we got flu shots), and some of us die. But the flu season ends in the spring, especially once school lets out. Perhaps, the COVID-19 disease will go away more quickly, at least on a seasonal basis, now that the kids are home.

Our business model at Yardeni Research doesn't have to change as a result of the pandemic. We didn't open our doors for business when we started it in 2007 because we were a virtual company then and have been ever since. We all work from our homes—which everyone who can is doing now, in effect self-quarantining. Imagine if more people began to see the benefits of not commuting to work: We can spend more time getting needed sleep, more time actually working, and more time with our families. Something good can come out of this pandemic.

Everyone is a virologist these days. Everyone has an opinion on how long the pandemic will last and how bad it will be. Pessimists are naturally pessimistic, while natural-born optimists (like myself) are doing our best to avoid getting infected by the pessimists. I'm expecting that the pandemic will pass sooner rather than later. The panic reaction (as evidenced by the run on toilet paper) should help to make that happen. The kids coming home and social distancing should help. Consider the following related observations:

(1) *The weather story*. Warmer weather may also help to end the pandemic—but that's a controversial subject. There's a lot of skepticism about the vulnerability of coronaviruses to hotter weather. As Annie sings: "The sun will come out tomorrow." But would we bet our bottom dollars that it will burn off the virus?

Virologists affiliated with the Global Virus Network have found that temperature and latitude may have a direct link to the spread and seasonality of COVID-19, according to their [March 10 report](#). Their world temperature map (March-April 2019) of major outbreak zones reveals that "To date, COVID-19 ... has established significant community spread in cities and regions along a narrow east and west distribution, roughly along the 30-50 N corridor at consistently similar weather patterns (5-11 degrees C and 47-79% humidity)."

The report also suggests that COVID-19 should diminish considerably in affected areas in the coming warmer months (assuming no mutations enhance the virus' temperature resilience).

However, it could come back in the fall and winter. We may just have to learn to live with it and find vaccines and cures before it does so.

By the way, the virus dissipated rapidly recently in the Wuhan area. The weather there gets extremely hot in the summer (they call it one of the three “furnaces of China”), and March temps this year are way above average for the month.

(2) *The China story.* A table in the World Health Organization’s (WHO) March 13 [report](#) on the COVID-19 situation in China up until that date shows 80,991 cases and 3,180 deaths attributable to the virus or its complications in all of China. But remarkably, 67,786 of those cases and 3,062 of those deaths have been in Hubei, where the outbreak started. A province of 59.1 million people, Hubei accounts for just 4.1% of China’s population of 1.428 billion, yet it has seen 83.7% of the country’s confirmed COVID-19 cases and 96.3% of all its COVID-19-related deaths. Outside of Hubei, all the rest of China has had only 13,205 COVID-19 cases and just 118 related deaths!

(3) *The Italian story.* A March 12 *WSJ* [article](#) reported that in Italy, which has the oldest population in the world after Japan, 58% of COVID-19 patients who died so far were over 80 years old and a further 31% were in their 70s, according to the National Institute of Health, Italy’s disease-control agency. According to a paper published in the *Intensive Care Medicine* journal utilizing 2012 data, Italy had 12.5 intensive-care unit (ICU) beds per 100,000 of its population that year, while Germany had 29.2 ICU beds per 100,000 inhabitants. A different paper, published by the National Center for Biotechnology Information in 2015, states that capacity in the US is even higher, at 34.2 ICU beds per 100,000 people.

Furthermore, in Italy, there aren’t enough specialized doctors and nurses to staff ICUs. ICU wards across the country were already some 3,000 doctors short before the coronavirus outbreak, according to the union that represents them.

(4) *The H1N1 story.* In the spring of 2009, scientists recognized a particular strain of flu virus known as “H1N1.” During the 2009-10 flu season, H1N1 caused the respiratory infection in humans that was commonly referred to as “swine flu” because of genetic similarities to influenza viruses in pigs, even though there is no evidence the virus spread between pigs or pigs to humans. Because so many people around the world got sick that year, the WHO declared the flu caused by H1N1 to be a global pandemic; in August 2010, the WHO declared the pandemic over.

The new H1N1 influenza virus cropped up out of season, in late spring. According to the Centers for Disease Control and Prevention, there were about 60.8 million cases of infection with the novel type of influenza virus in the US between April 2009 and April 2010, with a total of approximately 274,304 hospitalizations and 12,469 deaths.

While that death toll may sound high, it's over an entire year and in fact is far lower than was initially expected. The strain of influenza also turned out to have a case fatality rate of just 0.02%—well below even many typical seasonal influenzas. COVID-19 is considerably more transmissible and more lethal than H1N1, according to most virologists.

(5) *Bottom line.* The best cure for this viral pandemic may very well be what we are all doing and refraining from doing.

**Strategy I: Dash for Cash.** Last Thursday, March 12, when the markets were getting crushed by the dash for cash, one fellow who manages lots of money for a university endowment in Texas told me that he, like me, has learned not to panic over the years because panics don't last very long and have always been followed by a resumption of the bullish long-term trend in stock prices. That same day, several other seasoned money-management pros told me that it felt to them like a capitulation bottom. My gut instinct was that they were right, but I didn't have the guts to load up on S&P 500 futures, which soared the next day.

The S&P 500 peaked at a record high of 3386.15 on February 19. It plunged 26.7% through Thursday, March 12. It rebounded 9.3% on Friday the 13<sup>th</sup>. So now it is down 19.9% from the top ([Fig. 1](#)).

This could be a fast bear market like that of 1987 ([Fig. 2](#)). However, this time, a short recession is likely. That would lead to a drop in forward earnings (unlike 1987). But perhaps the worst is over for the forward P/E. It plunged from 19.0 at the top to 13.9 on Thursday and rebounded to 15.2 on Friday, which is a very reasonable valuation multiple given how low the bond yield is—assuming of course that the viral pandemic will abate by midyear, as I do for now ([Fig. 3](#) and [Fig. 4](#)).

There was a mad dash for cash on Thursday. Everyone seemed to want to get out of everything at the same time to raise cash. Stock prices plunged and the S&P 500 VIX jumped to 75.47, the highest reading since November 20, 2008, during the depths of the Great

Financial Crisis ([Fig. 5](#)). Credit-quality spreads blew out. Even Treasury bond yields moved higher, while the price of gold dropped by \$83.05 per ounce to \$1,570.70. The policy responses discussed below helped to calm the situation down on Friday.

Let's have a closer look at the recent market turmoil, especially Thursday's capitulation action:

(1) *S&P 500 sectors*. Here is the performance derby of the S&P 500 sectors from February 19 through Friday's close ([table](#)): Consumer Staples (-12.1), Health Care (-12.9), Real Estate (-14.7), Information Technology (-18.0), Utilities (-18.2), Communication Services (-18.3), S&P 500 (-19.9), Consumer Discretionary (-22.4), Materials (-23.5), Industrials (-25.4), Financials (-26.0), and Energy (-41.4) ([Fig. 6](#)). Six of them are back in correction territory (down 10.0% to 19.9%) through Friday's close, while five are still in bear markets (down 20%+). Through Thursday's close, all but Consumer Staples and Health Care were in bear markets.

(2) *Stock investment styles*. Since February 19 through Friday's close, the S&P 500/400/600 price indexes are down 19.9%, 26.3%, and 28.6% ([Fig. 7](#)). Their forward P/Es were down to 15.2/12.9/12.6 on Friday ([Fig. 8](#)).

Over this same period, S&P 500 Growth is down 18.5%, while S&P 500 Value is down 21.7%. The forward P/E of the former was down to 19.6, while the latter was 11.9 on Friday ([Fig. 9](#)).

Stay Home dramatically outperformed Go Global last week ([Fig. 10](#)). Here is the performance derby for the major MSCI regions around the world in local currencies since February 19: EM Asia (-14.5%), EM (-17.1), United States (-20.3), All Country World (-22.0), Japan (-24.0), All Country World ex-US (-24.2), EM Latin America (-25.0), United Kingdom (-28.2), Europe (-29.8), and EMU (-32.7).

(3) *Credit-quality spreads*. On Thursday, the yield on high-yield corporate bonds soared to 8.15%, the highest since April 12, 2016 ([Fig. 11](#)). Its spread over the 10-year US Treasury bond yield jumped to 727 basis points, the highest since February 29, 2016 ([Fig. 12](#)). The AAA municipal bond yield spread jumped to 80 basis points on Thursday, the highest since January 5, 2009 ([Fig. 13](#)).

(4) *Commodities*. Interestingly, the CRB raw industrials spot index edged down, but didn't plummet on Thursday ([Fig. 14](#)). The same can be said for the price of copper. They may be

signaling that the global economy is already getting some support from a recovery in China's economy as workers go back to work.

**Strategy II: Policy Responses.** Germany and the US loaded up their bazookas to counter the virus attack on Friday, which is why stocks soared:

(1) *German response.* The German state bank can lend as much as €550 billion (\$610 billion) to companies to ensure they survive the pandemic and shield their workers from its impact, German Economy Minister Peter Altmaier said recently at a briefing in Berlin. Finance Minister Olaf Scholz, standing alongside him, said Germany is prepared to take on additional debt and will consider full-blown fiscal stimulus if the situation worsens.

(2) *Congressional response.* House Democrats announced a deal with the Trump administration on legislation that would make coronavirus testing free and provide paid sick leave to many of those affected by the pandemic as it continues to spread across the country.

(3) *Trump's response.* President Trump declared a national emergency, unleashing \$50 billion in government funding. Trump outlined a series of agreements with private companies—including Google, Target, and Walmart—to facilitate swifter coronavirus testing for Americans.

(4) *Fed's response.* On March 3, in an emergency session, the FOMC voted to cut the federal funds rate by 50 basis points, bringing it down to a range of 1.00% to 1.25%. The committee is widely expected to cut the rate again this week on Wednesday, March 18, by as much as 100 basis points to a range of zero to 0.25%, i.e., back to the “effective lower bound.”

On March 9, the New York Fed ramped up its repo offerings, [announcing](#) that the actions “should help support smooth functioning of funding markets as market participants implement business resiliency plans in response to the coronavirus.” On Thursday, March 12, the New York Fed [expanded](#) the scope of its repo operations by \$1.5 trillion. The Fed also announced a change to its \$60 billion reserve management purchases to include a “range of maturities” of securities including nominal coupons, bills, Treasury inflation-protected securities, and floating-rate notes.

## CALENDARS

**US:** **Mon:** Empire State Manufacturing Index 5.0. **Tues:** Retail Sales Total, Ex Autos, Ex Autos

& Gas, and Control Group 0.2%/0.1%/0.4%/0.4%, BusiTues: ness Inventories -0.1%, Headline & Manufacturing Industrial Production 0.4%/0.3%, Capacity Utilization 77.1%, Job Openings 6.402m, NAHB Housing Market Index 74. (DailyFX estimates)

**Global:** **Mon:** Japan Industrial Production, RBA Minutes of March Policy Meeting. **Tues:** Germany ZEW Survey Current Situation & Expectations -30.0/-27.2, UK Employment Change (3m/3m) & Unemployment Rate (3m) 104k & 3.8%, Japan Trade Balance ¥916.7b. (DailyFX estimates)

## STRATEGY INDICATORS

**Global Stock Markets Performance ([link](#)):** Last week saw the US MSCI index tumble 9.1%, but ranked fifth of the 49 global stock markets we follow in a week when only one country rose in US dollar terms. That compares to a 16.6% decline for the AC World ex-US index, its worst since October 2008, as all regions of the world tumbled more than 10%. EM Asia was the best performer, albeit with a drop of 10.1%, followed closely by BRIC (-10.2%). EM Eastern Europe (-22.4) was the biggest underperformer, followed by EMU (-21.7), EMEA (-18.6), EAFE (-18.4), and EM Latin America (-17.5). Jordan was the best-performing country last week, with a gain of 1.1%, followed by China (-7.8), Hong Kong (-8.0), Egypt (-9.0), the US (-9.1), and Morocco (-9.1). Of the 27 countries that underperformed the AC World ex-US MSCI last week, Colombia fared the worst, with a decline of 32.4%, followed by Poland (-26.1), Italy (-25.5), Austria (-24.4), and Spain (-22.8). The US MSCI's ytd ranking rose five places last week to 8/49 as its ytd performance tumbled to -16.2% from -7.8% a week earlier. It's still ahead of the 25.2% decline for the AC World ex-US. EM Asia and BRIC are the best performers ytd, albeit with declines of 15.3% and 17.4%, respectively. The worst-performing regions: EM Eastern Europe (-37.3), EM Latin America (-35.3), EMEA (-31.7), EMU (-30.9), and EAFE (-27.3). The best country performers ytd: Jordan (-1.9), China (-9.5), Hong Kong (-13.9), Morocco (-14.6), Egypt (-14.6), and Taiwan (-15.0). Taiwan is only 17.0% below its bull market record high in mid-January, and is the only country not in a bear market. The worst-performing countries so far in 2019: Colombia (-45.6), Greece (-42.5), Austria (-40.9), Brazil (-39.6), and Poland (-39.4).

**S&P 1500/500/400/600 Performance ([link](#)):** LargeCap suffered a bruising 8.8% drop for the week, but that performance shone in comparison to the 14.0% and 16.3% declines for the MidCap and SmallCap indexes. LargeCap roared 9.3% higher on Friday, rising just enough to end the week back in a 19.9% correction. It had been down 26.7% from its 2/19 record high of



3386.15 on Thursday, which ended its 11-year bull market. MidCap finished the week 26.5% below its record high on 1/16, and SmallCap sank deeper into a bear market at 33.9% below its 8/29/18 record. All 33 sectors fell w/w, compared to 14/33 sectors moving higher a week earlier. LargeCap Tech was the best performer, albeit with a decline of 5.2%, followed by LargeCap Health Care (-6.7%), LargeCap Communication Services (-6.7), LargeCap Consumer Staples (-7.9), and LargeCap Real Estate (-8.6). LargeCap Energy (-24.3) was the biggest underperformer last week, followed by MidCap Energy (-24.0), SmallCap Energy (-23.6), SmallCap Real Estate (-20.0), and SmallCap Consumer Discretionary (-20.0). All three indexes are still down on a ytd basis, but LargeCap's 16.1% drop is much smaller than the declines recorded for MidCap (-25.0) and SmallCap (-28.9). All 33 sectors are down so far in 2020, with the best performers led by SmallCap Communication Services (-7.6), LargeCap Information Technology (-8.3), LargeCap Real Estate (-9.3), LargeCap Consumer Staples (-10.0), and LargeCap Health Care (-11.3). The biggest laggards of 2020 to date: MidCap Energy (-62.6), SmallCap Energy (-62.2), LargeCap Energy (-47.1), SmallCap Consumer Discretionary (-34.3), and SmallCap Materials (-32.5).

**S&P 500 Sectors and Industries Performance** ([link](#)): All 11 of the S&P 500 sectors fell last week as five outperformed the 8.8% decline for the index. That compares to a 0.6% rise for the S&P 500 a week earlier, when six sectors rose and five outperformed the index. Information Technology's 5.2% drop made it the best performer for the week, ahead of Health Care (-6.7%), Communication Services (-6.7), Consumer Staples (-7.9), and Real Estate (-8.6). Energy was the biggest underperformer, with a decline of 24.3%, followed by Utilities (-14.3), Materials (-13.2), Industrials (-13.1), Consumer Discretionary (-10.5), and Financials (-9.8). The S&P 500 is now down 16.1% so far in 2020 after being down as much as 23.2% on 3/12. All 11 sectors are down ytd, with six beating the index. The leading sectors ytd: Tech (-8.3), Real Estate (-9.3), Consumer Staples (-10.0), Health Care (-11.3), Utilities (-11.5), and Communication Services (-13.2). The laggards of 2020 so far: Energy (-47.1), Financials (-25.5), Materials (-24.6), Industrials (-23.1), and Consumer Discretionary (-17.5).

**Commodities Performance** ([link](#)): Last week, the S&P GSCI index tumbled 13.5% for its worst decline since December 2008. It's now down 32.9% from its recent high on 1/6, and it ended the week deeper in a bear market at 40.6% below its cyclical high on 10/3/18. As Russia and Saudi Arabia started an oil price war, the Energy Commodities index hit a four-year low as it tumbled 20.9% w/w for its worst decline since December 2008. Natural Gas was the best performer last week with a gain of 10.8%, followed by Zinc (0.4%). Unleaded Gasoline was the biggest decliner, with a drop of 34.2%, followed by Crude Oil (-22.3), Brent Crude (-



21.8), GasOil (-17.9), and Heating Oil (-17.3). All 24 commodities that we follow are now down so far in 2020. The smallest decliners: Gold (-0.2), Lean Hogs (-4.4), Cocoa (-4.5), and Corn (-5.7). The worst performers ytd: Crude Oil (-47.4), Brent Crude (-46.3), Unleaded Gasoline (-46.0), GasOil (-44.7), and Heating Oil (-43.4).

**S&P 500 Technical Indicators** ([link](#)): The S&P 500 price index fell 8.8% last week, and weakened considerably relative to its short-term 50-day moving average (50-dma) and its long-term 200-day moving average (200-dma). It was below its 50-dma for a third week and for the first time since October, and also remained solidly below its 200-dma for a third week and for the first time since January 2019. Its 50-dma relative to its 200-dma fell for a third straight week, dropping to a 12-week low of 4.6% above its 200-dma from 6.2% a week earlier. Several weeks before that, it had been at 7.6%, which was the highest since May 2012. The S&P 500 has formed a Golden Cross for 51 weeks after 17 weeks in a Death Cross formation. The S&P 500's 50-dma dropped for a third week after rising for 20 weeks. The price index tumbled w/w from 9.7% below its falling 50-dma to 22.8% below on Thursday—its lowest reading since 3/9/09—before improving to 15.3% below on Friday. That compares to a 10-month high of 4.6% above its rising 50-dma in mid-January and 6.6% above during February 2019—its highest level since October 2011. The 200-dma fell for the first time in 40 weeks (early June). It had been rising for 16 weeks through May 2019 after falling from October 2018 to February 2019 in the first downtrend since May 2016 (when it had been slowly declining for nine months). The index traded below its 200-dma for a third week after being above for 38 weeks. It also plummeted w/w from 3.0% below its rising 200-dma to 19.0% below its falling 200-dma on Thursday—its lowest reading since 3/31/09—before improving to 11.5% below its falling 200-dma on Friday. That's down from a 24-month high of 11.2% in mid-February and compares to a seven-year high of 13.5% above its rising 200-dma during January 2018 and 14.5% below on 12/24/18, which was the lowest since April 2009. At its worst during the Great Financial Crisis, the S&P 500 price index was 25.5% below its 50-dma on 10/10/08 and 39.6% below its 200-dma on 11/20/08.

**S&P 500 Sectors Technical Indicators** ([link](#)): All 11 S&P 500 sectors traded below their 50-dmas and 200-dmas last week as the longest bull market in US history, 131 months since March 2009, finally ended. A week earlier, all 11 sectors were below their 50-dmas and just four sectors were above their 200-dmas: Consumer Staples, Health Care, Information Technology, and Utilities. Despite the relatively short bear market (so far), nine sectors are still in the Golden Cross club (with 50-dmas higher than 200-dmas), down from 10 a week earlier as Materials dropped out of the club for the first time since April 2019. That compares to just

two sectors in the club during February 2019 and all 11 in the club during January 2018. The other dropout, Energy, has not been in a Golden Cross for 69 straight weeks. The 50-dma has been falling for three weeks now for all 11 sectors, a swift reversal from the week before that, when 10 sectors had rising 50-dmas. Nine sectors now have falling 200-dmas, the worst reading since January 2019 and down from nine sectors with rising 200-dmas a week earlier. Financials' 200-dma was down for a third week for the first time since late August. Rounding out the declining 200-dma club is Energy, with a 200-dma that has been mostly falling since October 2018.

## US ECONOMIC INDICATORS

**Consumer Sentiment Index** ([link](#)): There was no sign of a panic in consumer sentiment in mid-March, as “the initial response to the pandemic has not generated the type of economic panic among consumers that was present in the runup to the Great Recession,” according to Friday’s report. However, the report warned: “Nonetheless, the data suggest that additional declines in confidence are still likely to occur as the spread of the virus continues to accelerate.” The Consumer Sentiment Index (CSI) dipped from 101.0 in February to 95.9 in mid-March, not far from March 2018’s cyclical high of 101.4. Both the present situation (to 112.5 from 114.8) and expectations (85.3 from 92.1) components moved lower, though the loss was larger for the latter. Over 80% of the mid-March decline in the CSI concerned prospects for the economy during the year ahead, which fell 29 points.

**Producer Price Index** ([link](#)): The Producer Price Index for final demand decreased 0.6% in February (its steepest monthly loss since January 2015), after a 0.5% increase in January (its biggest monthly gain since October 2018). February’s decline pushed the yearly rate down to 1.3% y/y, after accelerating from a recent low of 1.0% in November to an eight-month high of 2.1% at the start of this year. Prices for both final demand goods (-0.9%) and final demand services (-0.3) posted declines last month, pushing down the yearly rates for both the former (to 0.5% from 1.8% y/y) and the latter (1.5 from 2.0)—after both accelerated in January. In the meantime, there’s still deflation in the pipeline: Intermediate goods prices fell 2.1% y/y in February after easing from a 40-month low of -3.8% in October to -1.0% in January—its 10th consecutive negative reading—while crude prices fell 8.2% y/y (its 14th consecutive negative reading) after narrowing from -7.3% in December to -3.1% at the start of the year.

**Import Prices** ([link](#)): Import prices in February fell 0.5%—the first monthly decline since last October—pushing the yearly rate back below zero, at -1.2% y/y, after moving above in January

for the first time since November 2018. Volatile petroleum prices tumbled 7.6% last month, after no change in January, with the yearly rate falling to -5.5% y/y—after accelerating to 21.5% y/y in December. Nonpetroleum prices edged up 0.2% after gains of 0.1% and 0.2% the prior two months. The yearly rate was at -0.8% y/y the first two months of 2020, after bottoming at -1.5% the final three months of 2019; February was its 14th consecutive month below zero. The rate for capital goods imports (-1.7%) was in negative territory for the 17th consecutive month, while the rate for industrial supplies & materials (-2.7) was negative again after a two-month head fake into positive territory. Meanwhile, rates for consumer goods ex autos (-0.6) and auto prices (0.1) remained near zero. The yearly rate for food prices (0.8) moved above zero for the first time in six months. The US is importing deflation from its Asian trading partners, with import prices for goods from China (-1.5 y/y) and the NICs (-2.8) falling and those from Japan remaining fractionally above zero. Meanwhile, there's no sign of inflation in EU (0.3) import prices, which have decelerated sharply from May 2018's 4.1%, while import prices for goods from Latin America (-2.4) were negative for the 15th month in a row.

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