



The Waiting is the Hardest Part

“Master of Suspense” Alfred Hitchcock knew that the key to creating stress and anxiety in his audience was not so much the “bang” of the climatic event but the anticipation of it. There may be a shock when the “bang” goes off, but it tends to offer a clean resolution, whereas the build-up to that moment keeps people on edge and guessing about what will actually come next.

Interestingly, there is very little difference from a physiological standpoint between the emotional responses to looming stress as there is to excitement. Whether a person is anticipating something good or bad, the hypothalamus (the part of the brain that controls the body’s stress response) triggers the same biological reaction – think about how the peak excitement tends to be the night before Christmas as kids struggle to sleep in anticipation of seeing what Santa will leave under the tree; once the package is ripped open first thing the next morning, there is undoubtedly joy, but any suspense is gone.

Right now, we are stuck in a position where the suspense is building – for both the good and the bad – and it is clearly causing a slew of emotional responses.

On the negative side, there is the anticipation of the worsening in data of the spread and impact of COVID-19, particularly in the US. We have already started to see glimpses of what is to come (for example, the unprecedented spike in filings for unemployment insurance in America). Still, the news over the coming days is likely to be disconcerting to say the least.

From a more positive perspective, there is the anticipation of when this current period of widespread self-isolation and social distancing will come to an end, and life can return to something more akin to the normal to which we are accustomed. There is no doubt that simply heading back into a favourite restaurant again will trigger a similar emotional response as heading into the living room on Christmas morning to some people.

And again, it is a certainty that we will eventually get through this, but at the moment, the timing is up in the air. The signs of success of societal shutdowns in Asia (where lockdowns began in some of the first-hit regions at the end of January) in mitigating the spread of COVID-19, and the nascent steps towards returning to something along the lines of business as usual provide hope that the extreme measures we are now taking in this part of the world can result in getting back on the path to normalization sooner rather than later.

Much of Europe and North America, however, are not nearing the endpoint quite yet. It is estimated that the benefits of widely adopted self-isolation policies will not start to be noticeable until about 20 days after lockdowns come into effect – the data in Italy (which went on lockdown starting March 9) started to show improvements last week, while those of us now entering our third week of isolation should start to see positive signs by the weekend; in areas that have been slower to put more draconian measures in place such as the US, the lag will be greater.

Just as kids fascinate about what items from their lists will be wrapped up for them, this environment has many increasingly fixating on what happens when we start to near the other side of this pandemic. There are general ideas on how we emerge from this period, but the vast majority of these views, on specific details about the path, are nothing more than conjecture at this point. The dust has yet to settle, and until it does, there is limited visibility for the road ahead. We know that a road is there, just not exactly what it looks like and therefore, we don’t quite know the best strategy for navigating it. While there is a compulsion to just drive forward blindly to try and reach the endpoint, such approaches are more likely foolhardy and pose material risks of making the situation worse.

Instead, the most prudent approach, though extremely difficult and in conflict with human nature, is to be patient – and that goes beyond just our personal lives, but very much so with respect to making investment decisions in the current environment as well, since there has rarely been a case where making significant moves to portfolios amid a dearth of information and heightened stress has proven desirable in the long run.



So, for the here and now, the best course of action is to wait – for indications that the spread of infection has started to ebb globally, for market volatility to subside in any sort of a meaningful fashion.

There is much anticipation for the better days ahead when the sun starts to peek through the clouds to mark the end of this storm. But it is impossible to will the rain out of existence, it must just be waited out.

As Tom Petty put it in the lead single from his 1981 album *Hard Promises*:

*The waiting is the hardest part
Every day you get one more yard
You take it on faith, you take it to the heart
The waiting is the hardest part*

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March 30, 2020