

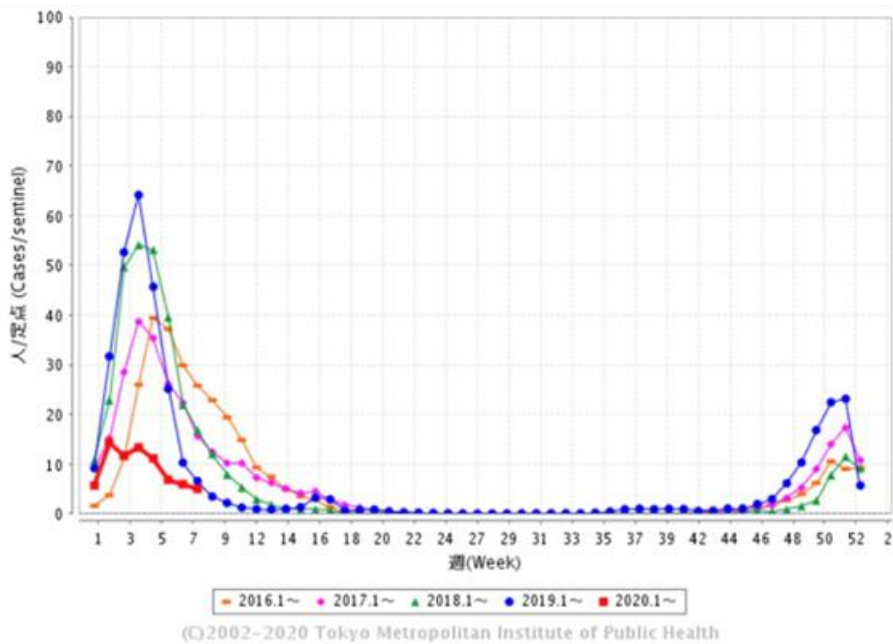
A CRITICAL TWO WEEKS FOR THE CORONAVIRUS IN JAPAN

Jesper Koll – Senior Advisor
03/02/2020

Is the coronavirus a “normal” health scare or something genuinely disruptive? The next two weeks will be key.

Why? In Tokyo, government leaders are focused on the empirical data tracking cases of influenza (the conventional, seasonal illness), which typically start declining between weeks 9 and 12 of the year, i.e., between the weeks of February 24 and March 16. So far, the trend looks encouraging, as shown below—this year, we’re actually doing better than normal, due to heightened public awareness.

Flu Cases in Tokyo



Source: Tokyo Metropolitan Institute of Public Health, as of February 27, 2020.

Although the chart contains some Japanese, it is still easy to understand with an explanation. The vertical axis shows the number of reported influenza cases in Tokyo at various reporting sentinels during each week of the year, while the horizontal axis shows each of the 52 weeks. Each of the colored lines tracks the number of weekly cases over the past four years, with the red line showing the data through the first seven weeks of 2020.

By week 7, the number of flu infection cases this year is much lower than in years past, especially when compared to 2016, 2017 and 2018. Heightened awareness of the coronavirus and corresponding precautions (such as hand sanitizing, wearing masks, etc.) may help explain this year’s reduction. Though it is still too early to be sure, the number of deaths caused by virus-related infectious respiratory diseases this year may be much lower than in previous years, ironically as result of the coronavirus scare.

The chart illustrates this point: that cases begin to decline dramatically in weeks 9 through 12. If we assume that the coronavirus has a similar trajectory as the seasonal flu, then we'd expect cases to begin dropping from this point on.

However, if the infection data does start to deviate from the annual pattern in the coming weeks, there may be real cause for concern, resulting in more drastic public policy measures as well as genuine economic policy changes. No doubt this pattern is similar around the world. When all is said and done, we'll soon know whether we are still living in a normal world or whether something genuinely disruptive is at work. If, as I suspect, it is the former, we'll get a strong "buy the dip" signal in the coming two weeks.

For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly performance report to accompany this blog.

For more investing insights, check out our [Economic & Market Outlook](#)

View the online version of this article [here](#).

IMPORTANT INFORMATION

U.S. investors only: Click [here](#) to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

There are risks involved with investing, including possible loss of principal. Foreign investing involves currency, political and economic risk. Funds focusing on a single country, sector and/or funds that emphasize investments in smaller companies may experience greater price volatility. Investments in emerging markets, currency, fixed income and alternative investments include additional risks. Please see prospectus for discussion of risks.

Past performance is not indicative of future results. This material contains the opinions of the author, which are subject to change, and should not to be considered or interpreted as a recommendation to participate in any particular trading strategy, or deemed to be an offer or sale of any investment product and it should not be relied on as such. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This material should not be relied upon as research or investment advice regarding any security in particular. The user of this information assumes the entire risk of any use made of the information provided herein. Neither WisdomTree nor its affiliates, nor Foreside Fund Services, LLC, or its affiliates provide tax or legal advice. Investors seeking tax or legal advice should consult their tax or legal advisor. Unless expressly stated otherwise the opinions, interpretations or findings expressed herein do not necessarily represent the views of WisdomTree or any of its affiliates.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or component of any financial instruments or products or indexes. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each entity involved in compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties. With respect to this information, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including loss profits) or any other damages (www.msci.com)

Jonathan Steinberg, Jeremy Schwartz, Rick Harper, Christopher Gannatti, Bradley Krom, Tripp Zimmerman, Michael Barrer, Anita Rausch, Kevin Flanagan, Brendan Loftus, Joseph Tenaglia, Jeff Weniger, Matt Wagner, Alejandro Saltiel, Ryan Krystopowicz, Jianing Wu, and Brian Manby are registered representatives of Foreside Fund Services, LLC.

WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S. only. You cannot invest directly in an index.