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Stock markets ended their losing streak with many major indices posting their largest daily gains since 1933, or indeed for many on record, on the Tuesday of last week. Reasons for the rally include investors rebalancing multi-asset portfolios, short positions being covered and the US fiscal strategy offering downside protection for businesses in industries such as aviation and cruises. The Dow Jones rallied 11%, the largest intraday jump since the Great Depression, with Boeing shares a significant contributor. Energy companies saw a revival, posting strong gains for the week as commodity strategists expect the US to intervene in the Russia-Saudi Arabia price war. In the fixed income space, US treasury bond yields fell on the news of the Fed's commitment to buying IG corporate bonds and asset backed securities, while EU leaders struggled to reach a consensus on the issuance of joint liability pandemic bonds; Germany and the Netherlands rejected the proposal. Sovereign debt was downgraded in the UK to AA- on Brexit uncertainty and the effects of COVID-19 on the UK budget, while Ford's bonds were downgraded to Junk status. Sterling gained versus the US Dollar, while Gold posted a positive return. Oil prices remain suppressed, while interestingly orange juice prices have soared in 2020.

Market Update



UK Stocks	US Stocks	EU Stocks	Global Stocks	EM Stocks	Japan Stocks	Gilts	GBP/USD
▲ +6.3%	▲ +4.8%	▲ +4.4%	▲ +5.0%	▼ -0.2%	▲ +9.2%	▲ +1.8%	▲ +5.2%

all returns in GBP to Friday close

- The number of Americans filling for unemployment benefits jumped to 3.28 million in the week ended 21 March, the highest since records began in 1967 and well above expectations of 1 million. The report provides one of the first clues on the economic impact of the coronavirus, with near 1 in 3 Americans in lockdown and many non-essential businesses forced to close.
- EU finance ministers suspended the bloc's deficit rules so that governments could increase spending to protect their economies. The ministers also discussed a plan for using the European Stability Mechanism, the EU's bailout fund, to provide a "pandemic crisis support safeguard."
- The coronavirus outbreak led to a record collapse in Eurozone business activity in March, with preliminary PMIs falling to an all-time low of 31.4 in March from 51.6 in the previous month, and well below market expectations of 38.8.
- US nonfarm payrolls data will be released this Friday. As a record number of people filed for unemployment benefits last week, consensus expects a fall of -100k in March, down from +273k jobs added in February.

Macro News



The Week Ahead



Week in Charts



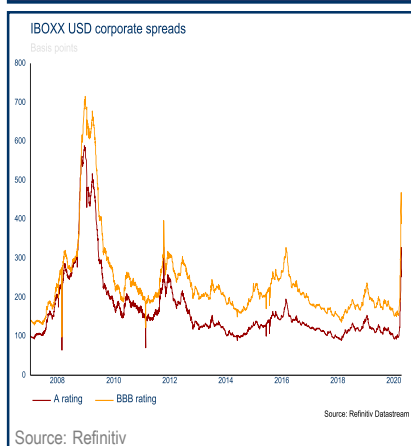
View From the Desk



In the past few days we saw a significant upswing in markets, fuelled by a \$2tn deal in the US to fight the Coronavirus. Last week's rebound may have seen one of the largest one-day moves since 1933, but it did not necessarily mark the trough. Rather, market movements like that are usually expected in highly volatile periods. Markets remain fixated on the coronavirus, instead of measures to combat it, and for good reason: the more the virus is rampant, the longer the extension of social distancing measures which come at a great cost to the economy. It is true that there are a lot of things we don't know about the virus: from transmission mechanisms, to incubation and infectiousness, to survival in different environments. It is also true that, while market movements are always uncertain, the path of a virus is significantly more predictable. A look at similarities of mortality curves around Europe suggest that epidemiology is a more solid science than finance. Thus, we fully expect the coronavirus news flow to be increasingly negative in the next few weeks, especially as the virus develops in the UK and the US. However, we also expect a tipping point after a few weeks, at least as far as the narrative around the news flow is concerned. There will be a point at which mortalities have, at the very least, flattened and governments again weigh the economic cost against the cost of human lives, in terms of popular mood. For, while it was true that a country would be hard-pressed not to take significant social distancing measures, especially when its neighbours had done the same, it is also true that after a period of lockdown, collective "cabin fever" and mounting economic pressures, that same political body may demand a reopening of shops and schools, even if the perfect solution has not been found. The coronavirus does not appear to be a global killer. Instead it is a problem of healthcare capacity and cure optimisation, compounded by climate and population density factors. As with many other complex problems, humanity will find a solution. And given the unprecedented demand for one, we expect it sooner, rather than later.

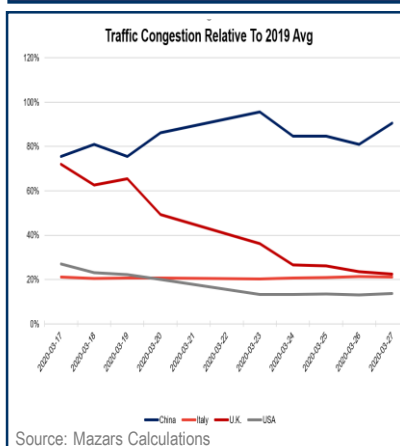
**David Baker, CIO**

Fig 1: US Corporate Spreads



Corporate spreads over sovereign debt have risen sharply at both the higher and lower ends of the credit scale. Both A and BBB spreads have risen in the region of 300 basis points. Fixed Income markets, like several others, are pointing towards a sharp recession.

Fig 2: TomTom Traffic Index



The TomTom Traffic index is showing significant declines in traffic across many major economies such as the US and the UK, albeit with a delayed response in the UK. China, which was the first economy to impose strict restrictions on movement, is now beginning to see an upward trend in traffic and pollution measures, implying a rise in activity.

### Important information

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