

Heartwood – Daily Market Update 03.04.2020

To help you in your conversations with clients during these difficult markets, for the foreseeable future, we will be sending you a daily market update email with the latest thoughts from the Investment team. This is also available in Investment Documentation on Lotus Notes.

What's happening?

- Central bank backstops and government stimulus are clearly in the driving seat with yesterday the third day of gains for stock markets.
- Who would've thought that US shares would rally 6% on a day when weekly unemployment claims jump from 281k to 3.28m. Hot spots of claims were in the 'rust belt', which are known swing states (e.g. Pennsylvania) when it comes to Presidential elections.
- To continue the absurdity, consider this statistic for the day: the Dow Jones fell 38% from mid-Feb to mid-March (bear market) but in the last three trading days has rallied 24% (bull market as >20%).
- The US House of Representatives will vote on the Senate's recently passed fiscal bill today, but by voice not in person.
- Permanent damage, via structurally higher unemployment, to all economies is a concern for policymakers. This was explicitly mentioned in the Bank of England's statement yesterday, but will be weighing on everyone's mind.
- As China emerges from the worst of it, the country is closing its borders to practically all overseas visitors, presumably to prevent the infection wave from returning.
- Global COVID cases now total 530k, with the US now surpassing China (85k vs 80k).
- Strange as it seems, Trump's approval rating is sky-rocketing. It's 47.1, which is comparable to when he first took office. Incidentally, the S&P 500 is back down to levels last seen three and a half years ago too. Answers on a postcard.

Market update video

- We have produced a video with slides and a voiceover. Graham Bishop and Alistair Campbell give an overview on the Market.
- It will be uploaded to Client Centre but feel free to send to any clients who want more macro information or market colour.
- This is available on the following Vimeo link:
<https://vimeo.com/401064462>