

## Heartwood – Daily Market Update – 06.04.2020

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.

### What's happening?

- The big economic news last Thursday and Friday was the sharp rise in unemployment in the US. We learned that new claimants for weekly unemployment rose by 6 million after 3 million the week before. On Friday we learned that payrolls in the non-farm sector had fallen by 701,000, which is the largest decline since early 2009, but still likely to get worse before it gets better.
- Markets have been relatively relaxed about such statistics, perhaps because there are glimmers of hope regarding the daily rate of change in new virus cases/deaths, but also because policymakers are throwing everything at trying to offset the sudden stop in economic activity (Japan the latest to step up this week). Maybe this is why stock markets were relatively 'calm' last week and why futures prices are suggesting today will be a positive day.
- The outlook will depend on the permanency of economic damage, i.e. persistent job losses, while population lockdowns are relaxed in a sensible way.
- On the virus itself, global cases now total 1.25 million, but the rate of change has slowed to 8% (it was more than double just two weeks' ago).
- Today's OPEC meeting has been delayed, presumably as the top dogs weigh up mutually-assured destruction with game theory. Consequently, oil prices have slipped this morning.
- The UK awaits an update about Boris Johnson's admission to an NHS hospital and whether, given the lack of a deputy, the de-facto second-in-command Dominic Raab will be temporarily taking the reins.
- Finally, the Eurogroup (comprising ministers of the euro area member states) will meet to present new stimulus proposals to the European Council. There's a decent chance of another bazooka announced thereafter, including perhaps healthcare funding, credit guarantees and an unemployment scheme.