

Heartwood

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 first quarter is behind us and what a quarter it was. The S&P 500 was down 20%, the Eurostoxx down 25%, FTSE 100 down 25%, Italy down 29%, to name but a few.
- Oil prices take the prize for the worst performer, with Brent crude down 65%. Consequently, US gasoline prices have fallen from \$2/gallon in early January to \$0.54/gallon today.
- With 'quarter end rebalancing' flows now absent, some softness in prices is returning. Hong Kong's and Japan's stock markets are down 2%-4% overnight and European/US futures are indicating similar moves in cash markets there too.
- In the US, Trump is bracing his country for a worsening of COVID-19 over the next fortnight, whilst simultaneously talking up another fiscal relief package – a further \$2tn this time aimed at infrastructure.
- Japanese Prime Minister, Shinzo Abe, is proposing a fiscal support package of JPY 60tn (half a trillion US dollar equivalent) which is some 10% of GDP.
- For those countries on the other side of the virus curve, such as China, we also learnt overnight that manufacturing is recovering as consumer/business behaviour starts to normalise.