

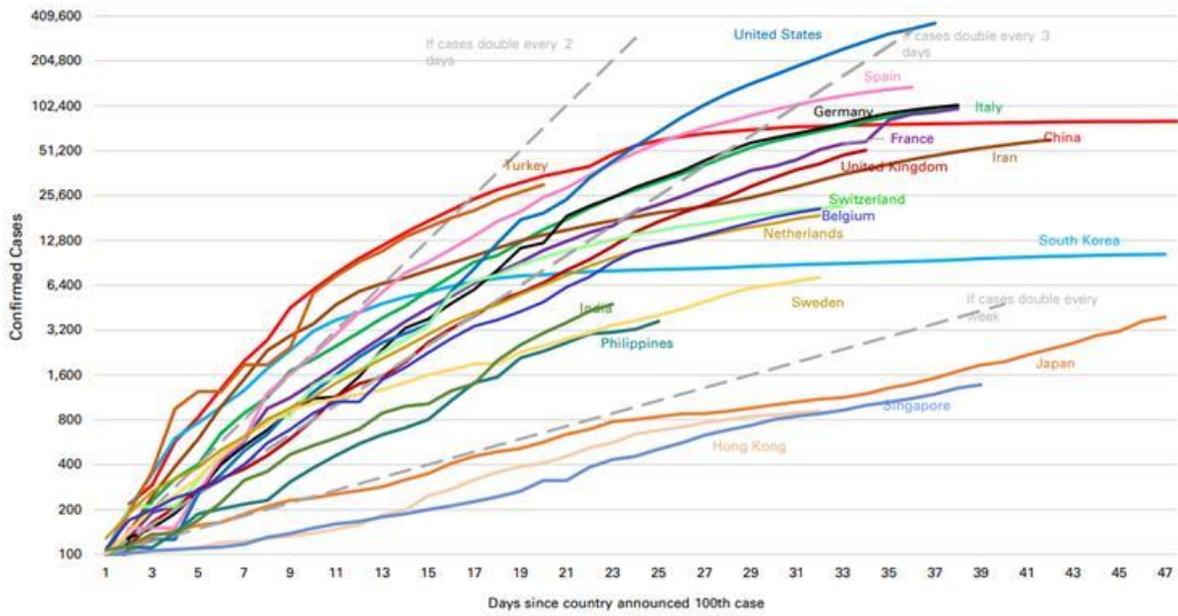
Heartwood – Daily Market Update 07.04.2020

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?

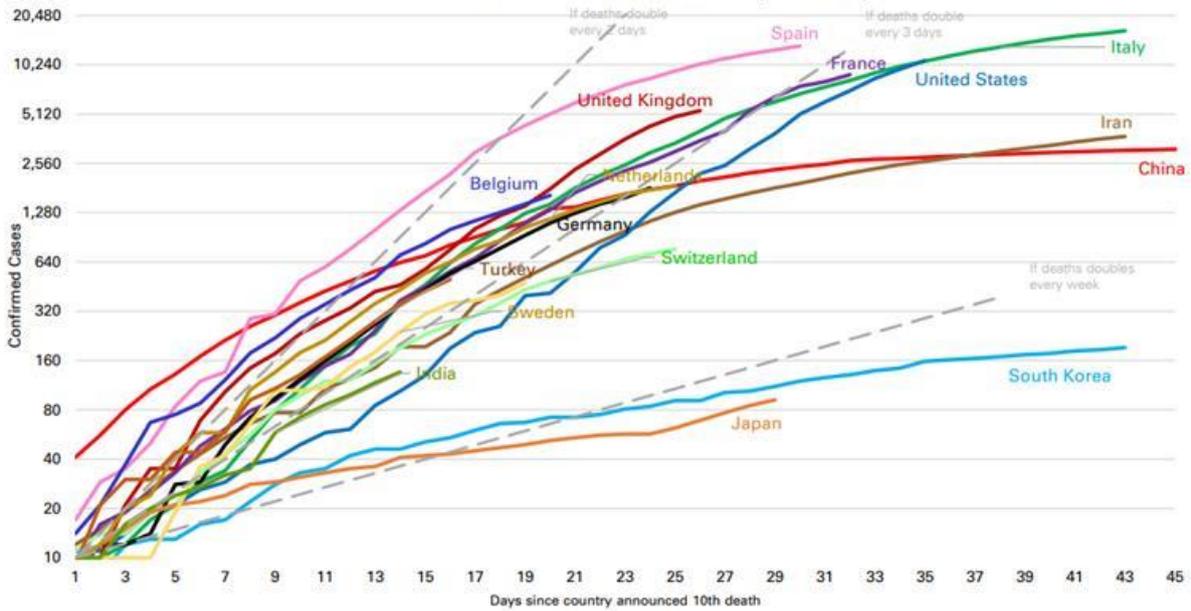
- The COVID curve is flattening (see charts). The data we track suggests as much and the strong global equity market seems pleased to see it.
- Global confirmed cases now total 1.346 million, which is a mid-single digit daily rate of growth. Caveats apply, of course, as there is not mass testing.
- Italy, where daily testing per head is amongst the highest, is seeing daily case growth below 3%.
- Global COVID fatalities now total 74,697 with the rate of change similarly falling to high single-digit territory, from low double digits only a few days ago.
- All in all, this looks like progress. But we are mindful of Japan and Singapore where cases are rising, not falling.
- Nevertheless, stock markets are bubbling with excitement at the prospect of a resumption in economic activity. Austria's exit strategy is to re-open certain retail outlets in a week.
- Exit strategies will shortly become the market's next focus; how soon / partial or not / for how long – all these questions will need to be answered soon.
- US stocks rose 7%, taking the index to around 1% above the recent highs on 31 March. This means the S&P 500 has retraced 38% of its 35% 'peak to trough' declines from 21 February to 23 March.
- European bourses were strong yesterday too, but Asian market strength overnight and futures markets all imply another decent day today (*ceteris paribus*).
- Also helping the market's mood yesterday was Germany's 'limitless' loan guarantee scheme for small/mid-sized companies. For a traditionally fiscally prudent people, this is quite something.
- In the pipeline are stimulus packages in Japan, US (a top-up to an earlier version) and elsewhere.

Covid-19 case growth after 100 confirmed cases



Source : Deutsche Bank, WHO, CDC, Worldometer

Covid-19 Total Fatalities by Country



Source : Deutsche Bank, WHO, CDC, Worldometer