

Heartwood daily update and video – 02/04/2020

What's happening?

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.

- April, and the second quarter, got off to a poor start in stock-market terms. US, European and UK indices all fell around 4%. UK banks were in the spotlight as dividends and buybacks are being cut in favour of preserving capital.
- Globally, cases of COVID-19 are approaching 1 million (935,000 at the time of writing), but the daily rate of change is under 10% for four successive days.
- Walmart's share price has only fallen 3.5% this year, a lot less than the 15% for the consumer staples sector and the 24% for the S&P 500. It goes to show what the flock to buy essentials means for individual businesses. Walmart is looking to hire another 150,000 staff to keep up with demand.
- Look out for US weekly jobless claims. Last week, the reading rocketed from 282,000 to 3.3 million. The consensus expects another rise to 3.7 million today, but this really is just guesswork at this point.
- Lately we learned that China is stepping up its stimulus efforts, Trump is relaxing tariffs on imported goods (a huge move) and the Fed is relaxing capital buffer rules to encourage lending.
- The critical debate is balancing the severity/duration of population lockdowns to control contagion with the economic damage that has unforeseen/unintended consequences.

You might also like to view a video with additional charts here. <https://vimeo.com/402470750>