

The Noise, the Numbers & the Nuance

Weekly Market Update | 03 April 2020

Welcome to our weekly newsletter, where we summarise the key market developments over the last seven days.



The Noise

- In a press conference on Tuesday, President Trump finally acknowledged the grim reality of the threat the Coronavirus poses to the US, stating that in the best case scenario, 100,000 Americans could die from the virus. He has emphasised the importance of social distancing and claimed that the next two weeks are going to be “very, very painful”.
- Globally, the spread of the virus has continued to accelerate this week, with global cases surpassing one million yesterday. France, Spain and the UK all recorded their deadliest day so far on Wednesday and the US death toll is now greater than China’s official count. Italy however recorded the lowest daily increase in deaths on the same day, demonstrating the effectiveness of the country’s lockdown measures which are being replicated throughout Europe.
- Oil prices surged this week amidst signs that Saudi Arabia and Russia may end their oil feud. President Trump tweeted on Thursday that Saudi Arabia and Russia had reached a deal on production cuts. Prices spiked by 25% on Thursday, the largest single-day gain on record, recouping some losses from selling earlier in the year which had driven the benchmark to near 20-year lows.



The Numbers

GBP Performance to 02/04/20	1 Week	YTD
Equity GBP Total Return (MSCI)		
UK (MSCI UK)	-5.9%	-26.6%
Europe (MSCI Europe)	-6.0%	-21.6%
US (MSCI USA)	-5.8%	-16.0%
Japan (MSCI Japan)	-4.2%	-15.2%
Emerging Markets (MSCI Emerging)	-3.2%	-19.0%
Fixed Income GBP Total Return		
UK Government (Barclays Sterling Gilts Index)	0.1%	7.4%
Investment Grade Hedged (Barclays Global Aggregate Corporate Bond Index)	1.9%	-4.6%
High Yield Bonds Hedged (Barclays Global High Yield Index)	1.1%	-16.1%
Currency moves		
GBP vs USD	1.6%	-6.5%
GBP vs EUR	3.2%	-3.5%
GBP vs JPY	0.0%	-7.1%
Commodities GBP return		
Gold (in £)	-2.5%	13.7%
Oil (in \$)	10.0%	-54.7%

Source: Bloomberg, data as at 02/04/2020



The Nuance

We are entering a time of patience. Markets are forward-looking and have adjusted rapidly over the last few weeks but it is still taking time for investors to fully factor in the significant economic and business impacts of this period. Companies are unlikely to be announcing significant news in the coming weeks as those that have shut down remain closed for business and those still standing continue to muddle through. The ubiquitous question within and beyond the world of finance, is when we will get through to the other side of this pandemic. Without a crystal ball, determining the answer to this question is mere speculation.

In the short term however, markets are showing signs of settling as we enter the new normal of subdued economic activity. Social distancing measures, including swathes of the population staying inside and working from home, looks set to persist in the near-term. Market prices have by-and-large reflected that and show a degree of stabilisation; despite remaining elevated, volatility continues to moderate. From an investor's perspective, patience is required and impulsive, unjustified changes to portfolios should be avoided.

With the initial shock behind us, we are calmly and patiently using this time to review all our holdings, ensure that all investments continue to earn their place, and to refine our plan for the future. We focus now on the two key decisions facing investors: when to add risk to portfolios and which companies and industries will benefit the most in the long term. There is a time for trading, protecting against risks and taking opportunities, and there is a time for research and the thoughtful pondering of which chess moves should be considered next. While we are ever vigilant and prepared for more volatility, we expect a period of relative calm from here which should be used to research and plan.



Quote of the week

"In an effort to keep officers and the public safe in these unusual times we will be making arrests remotely from now on." A spokesman for the Cambridgeshire Police.

On Wednesday, Police in Cambridgeshire announced they would be using drones to arrest people amid the coronavirus outbreak. In a tweet detailing the reported move, Cambridgeshire Constabulary's rural arm announced it would be using the devices to make arrests remotely and apply cuffs to offenders. The announcement was made on the force's Twitter account alongside a picture attached of a drone hanging from a piece of string with a baton cable tied to one end and a set of handcuffs retrofitted to the other. Before you start to question the sanity of whoever made this decision, we should really remind you that Wednesday was April Fool's Day...

Source: [inews.co.uk](https://www.inews.co.uk)

All investment views are presented for information only and are not a personal recommendation to buy or sell. Past performance is not a reliable indicator of future returns, investing involves risk and the value of investments, and the income from them, may fall as well as rise and are not guaranteed. Investors may not get back the original amount invested.

Sanlam is a trading name of Sanlam Private Investments (UK) Ltd (registered in England and Wales 2041819; Registered Office: Monument Place, 24 Monument Street, London, EC3R 8AJ), Sanlam Wealth Planning UK Ltd, registered in England and Wales 3879955, and English Mutual Limited, registered in England and Wales 6685913 (Registered Offices: St Bartholomew's House, Lewins Mead, Bristol, B51 2NH), all of which are authorised and regulated by the Financial Conduct Authority.

The information and opinion contained in this market view should not be treated as a forecast, research or advice to buy or sell any particular investment or to adopt any investment strategy. Any views expressed are based on information received from a variety of sources which we believe to be reliable, but are not guaranteed as to accuracy or completeness by Sanlam. Any expressions of opinion are subject to change without notice.

Source: Sanlam UK. Reproduction is not allowed in whole or in part without prior written agreement from Sanlam.

Past performance is not a reliable indicator of future results. Investing involves risk and the value of investments, and the income from them, may fall as well as rise and are not guaranteed. Investors may not get back the original amount invested.