

Weekly Market Performance and Commentary to Friday 27th March 2020

Market Performance

- Overall the week ending 27th March was a positive one for markets. Equity markets rose with Australian and US markets rising 0.4% and 10.3%, respectively. Bond markets also rose with Australian and Global bond markets returning 0.7% and 1.7%, respectively.
- The markets were boosted by the passing of a massive (\$2 trillion) stimulus package through US congress. The package includes payments to households, increased unemployment benefits and support for businesses.
- In Australia measures are also being put in place to help individuals and small businesses. The local stimulus package followed suit and will include cash payments for Australians (on welfare support) and potential early access to superannuation. The government will also step in and act as a loan guarantor to help small and medium businesses.
- Over the weekend, news emerged from most western countries suggesting that spread of COVID-19 was being slowed (the so called “flattening of the curve”). Whilst this is good news, it is very early stages for conclusions to be drawn (from a containment basis or investment return basis).
- Despite the “flattening of the curve” in Australia, Scott Morrison announced additional containment measures including limiting gatherings (indoors and outdoors) to two people. These latest measures are unlikely to have much of a financial impact but more of a social one. If anything, these heavier containment measures may help to increase positivity around containment and longer-term recovery.
- The NESS MySuper crediting rates have yet to take into account the market rises that occurred last week. As such, we expect this week to provide a better picture to last week.
- In summary, Central Banks and Governments took assertive action last week to combat the effects of the spread of COVID-19 and therefore markets reacted positively.

	Week to 27 March	Month to Date	Quarter to Date
Australian Equities	0.4%	-25.1%	-28.3%
US Equities	10.3%	-14.0%	-21.3%
International Equities (local currency)	4.9%	-10.3%	-12.1%
International Equities (\$A Hedged)	10.7%	-15.0%	-22.9%
Australian Bonds	0.7%	-0.9%	2.3%
International Bonds	1.7%	-1.8%	1.0%
Australian Cash	0.0%	0.1%	0.2%