

Weekly Market Performance and Commentary to Friday 8th May 2020

Market Performance

- All markets were positive for the week to Friday 8th May with the sole exception of international bonds. Markets continue to remain volatile as we see material movement on a daily basis. Irrespective of this, markets have moved higher since 23rd March and it remains to be seen whether this trend continues. Calendar year to date numbers in the table above remain down for equity markets.
- Over the week we saw markets perform in the following way:
 - Australian equities **up 2.8%**
 - US equities **up 3.4%**
 - International equities (local currency) **up 1.1%**
 - International equities (\$A hedged) **up 2.6%**
 - Australian bonds **up 0.1%**
 - International Bonds (\$A hedged) **down 0.3%**
 - Australian Cash with a flat return of 0.0%
- With the exception of Cash which was flat, all NESS Options had positive returns for the week to Friday 8th May as equity markets drove performance. Options with higher exposure to growth assets performed better than Options with higher exposure to defensive assets.
- Over the week, most countries have shown improvements in containing the coronavirus while a few continue to struggle as their numbers increase.
 - The daily new cases and death rate in the US are on the decline but at a slow pace. New York continues to be the epicentre of the pandemic in the US. Some states have begun to reopen and there are worries that this could lead to outbreaks.
 - Spain and Italy have seen marked improvements in both daily new cases and daily new deaths and restrictions are gradually being relaxed.
 - The daily new cases in the UK is flat to slightly declining while the death rate has seen a gradual decline. UK prime minister, Boris Johnson, has emphasized the relaxing of restrictions will be approached with great caution.
 - New Zealand and Australia have shown promising results in containing the virus relative to other countries in the world and are gradually relaxing restrictions and reopening their economies.
 - In Russia and Brazil, the number of daily new cases has risen over the past week.
- Another 3 million people filed for unemployment in the US last week which brings the total number of people who have filed for unemployment benefits since March 2020 to 33 million.

- The Bank of England warns that the UK could be headed for its worst recession in 300 years, predicting its economy could shrink by 14% in 2020. However, should lockdown restrictions ease in the next few months, they expect a sharp recovery in 2021.

	Week to 8 May*	Month to Date	Calendar Year to Date
Australian Equities	2.8%	-2.2%	-18.3%
US Equities	3.4%	0.9%	-9.4%
International Equities (local currency)	1.1%	0.4%	-6.2%
International Equities (\$A Hedged)	2.6%	0.5%	-12.9%
Australian Bonds	0.1%	0.2%	3.1%
International Bonds	-0.3%	-0.4%	2.4%
Australian Cash	0.0%	0.0%	0.3%

* Week to 8 May covers the 5 days from Monday 4th May to Friday 8th May