

## Weekly Market Performance and Commentary to Thursday 21<sup>st</sup> May 2020

### Market Performance

- All assets classes were up for the week to Thursday 21<sup>st</sup> May, except for Australian Bonds and Cash which were flat. Markets reacted positively to news that countries were having success in containing the virus and slowly relaxing restrictions and reopening their economies. Calendar year to date numbers in the table above remain substantially down for equity markets.
- Over the week we saw markets perform in the following way:
  - Australian equities **up 2.8%**
  - US equities **up 3.2%**
  - International equities (local currency) **up 0.9%**
  - International equities (\$A hedged) **up 3.1%**
  - Australian bonds with a flat return of 0.0%
  - International Bonds (\$A hedged) **up 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 Thursday 21<sup>st</sup> May as equity markets were up. Options with higher exposure to growth assets performed better than Options with higher exposure to defensive assets.
- Global virus cases reached over 5 million, with previously hard hit nations like Italy and Spain beginning to relax their restrictions while nations like Russia and Brazil seeing a surge in cases.
  - Almost all states in the US have reopened their economies despite concerns that it could leave to a second wave. The total cases reached over 1.6 million people in the US since the outbreak began
  - The UK has begun easing restrictions but is still on high alert to prevent a second wave of cases. Their economy will take time to recover as it has been slow to reopen its economy and is still struggling with finalising the terms of Brexit
  - Australia continues its approach to reopen its economy and NSW announced plans to allow restaurants, cafés and pubs to host up to 50 people from June 1
  - Brazil's cases have increased significantly and now sits at third most cases in the world behind the US and Russia
- Australian job data shows the unemployment rate rose to 6.2% but this figure is expected to be closer to 10% after counting those on the JobKeeper subsidy. On a positive note, with Australia's restrictions being eased after handling the outbreak well in comparison to other countries, it's likely that unemployment could be at or very close to its peak.

- In the US, almost 40 million people have filed for jobless aid since the virus began. Experts have expressed uncertainty on how quick the US economy will take to recover despite businesses starting to reopen. Unemployment is expected to peak in June and could reach as high as 25%, levels not seen since the Great Depression in 1929.

	Week to 21 May*	Month to Date	Calendar Year to Date
<b>Australian Equities</b>	<b>2.8%</b>	<b>0.8%</b>	<b>-15.8%</b>
<b>US Equities</b>	<b>3.2%</b>	<b>1.7%</b>	<b>-8.7%</b>
<b>International Equities (local currency)</b>	<b>0.9%</b>	<b>0.8%</b>	<b>-5.8%</b>
<b>International Equities (\$A Hedged)</b>	<b>3.1%</b>	<b>1.3%</b>	<b>-12.1%</b>
<b>Australian Bonds</b>	<b>0.0%</b>	<b>0.2%</b>	<b>3.0%</b>
<b>International Bonds</b>	<b>0.3%</b>	<b>0.1%</b>	<b>2.8%</b>
<b>Australian Cash</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.3%</b>

\* Week to 21 May covers the 4 days from Monday 18<sup>th</sup> May to Thursday 21st May