

Weekly Market Performance and Commentary to Thursday 26th March 2020

Market Performance

	4 days to 26 March (23/03/20-26/03/20)	Month to Date (1/03/20-26/03/20)	Quarter to Date (1/01/20-26/03/20)
Australian Equities			
ASX All Ordinaries	5.79%	-21.14%	-24.51%
United States Equities			
S&P500	14.11%	-10.97%	-17.29%
International Equities			
MSCI All Country World Index (Unhedged)	8.93%	-6.81%	-8.72%
MSCI All Country World Index (\$A Hedged)	13.61%	-12.76%	-20.87%
Australian Bonds			
Bloomberg AusBond Composite 0+ Yr Index	0.70%	-0.89%	2.29%
International Bonds			
Bloomberg Barclays Global Aggregate Index (\$A Hedged)	0.69%	-2.79%	0.02%
Australian Cash			
Bloomberg AusBond Bank Bill Index	0.02%	0.08%	0.24%

- Australian and international equity markets started the week of the 23rd March 2020 down as news of the Coronavirus spread continued to worsen in the United States and Australia.
- Travel bans imposed by various nations have also heavily impacted sectors like the airline industry which is leading to many employees being stood down or losing their jobs.
- Markets reacted negatively to this as a loss in jobs and closures of businesses (big and small) will have a large impact on economies around the world.

- As the week progressed, the United States government (and most western governments) began providing details of a \$2trillion stimulus package (and their own packages respectively) that will put money straight into the pockets of individuals as well as providing relief for airlines and airports that have been heavily impacted by the Coronavirus pandemic.
- As more has been shared by each Central Bank and Government with respect to the size of the fiscal (stimulus) and monetary policy packages, markets have reacted positively and for the first time since mid-February, the United States and Australian equity markets rose for three consecutive days from the 24th to the 26th of March.
- The \$2trillion stimulus package was eventually approved by the United States Senate on Thursday 26th March and the House is set to follow suit on Friday 27th March.
- The RBA has made policy changes and is providing much needed liquidity to the fixed income markets.
- In summary, the spread of COVID-19 over last weekend caused markets to fall at the beginning of the week. Central Banks and Governments then took assertive action (both in the size of the fiscal and monetary packages to be made available and in limiting the spread of the virus) and markets have reacted positively.
- What remains to be seen (and nobody really knows) is whether the current packages will suffice but comfort should be taken from the fact that Governments and Central Banks have shown they are willing to do whatever they can to get us all through this difficult period.