

Market Commentary – April, 2020

The onset of the Covid-19 epidemic in Europe and the US had a severe impact in all financial markets across the world. After recent all time highs in Stock Indexes in Europe and especially in the US markets tumbled as the full impact of the Virus was felt and measures to combat the pandemic were put in place in the majority of the developed countries. With a significant proportion of the World under lockdown economic activity came to a halt, industrial production was reduced to a minimum and demand for goods and services became almost non-existent. Financial instruments reflected the initial pessimism and stocks were sold across the board in all major stock exchanges of the world. The Fixed Income market (Bonds) was also affected with instruments being sold in a search for liquidity by most financial institutions and corporations. In the meantime, an oil price war between Russia and Saudi Arabia caused oil prices to crash which in turn negatively affected the performance of energy related world stocks.

Governments were, however, quick to recognize the need for rapid intervention and almost all of the major economies have already approved record breaking economic packages to help recovery. While economists expect the effects of the crises to be severe and lasting, it is hoped that all the liquidity and aid being provided by governments in Asia, Europe, the US and others will fuel a rapid recovery.

With China back to almost full capacity Asia is likely to recover first and Macau will no doubt benefit from that fact.

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