

# Market Overview



## Update

24 March 2020

Fed introduces open ended QE

UK lockdown

## Contact us:

T: +353 (0) 1 421 0091

E: [treasury@investec.ie](mailto:treasury@investec.ie)



## Fed introduces open ended QE:

Another day, another dose of Fed stimulus. The list of developments included a shift to open ended QE by the Fed, alongside a range of other initiatives to ease the flow of credit to households and businesses including the re-establishment of its Term Asset-Backed Securities Loan Facility (TALF). Included in these extraordinary measures may also be the establishment of a “Main Street Business Lending Program” to support lending to eligible small-and-medium sized businesses. The US administration also continued to wrangle over its fiscal package, still said to be around \$1.8trn, with the Democrats unhappy with the measures in place to restrict the way large corporates might use the funds. Treasury Secretary Steven Mnuchin did however aim to reassure saying yesterday that they were “nearing a deal”. If all stimulus plans in the US come to fruition, it will clearly be a sizeable set of actions which should help to ensure businesses can remain operational and therefore return to close to normal functionality once the restrictions and lockdowns are eventually lifted. President Trump provided further hints that he is considering scaling back the US closures soon, even as the virus continues to spread rapidly, saying he is looking at how to re-open the economy after the 15-day shutdown ends. That came as the number of US cases rose to 43,734 yesterday, a rise of 10,168 on the day.

## UK lockdown:

Meanwhile in the UK, PM Boris Johnson, took the UK’s effort to contain the virus a step further putting the UK on ‘lockdown’ with strict new measures with police having the power to enforce these, including a ban of more than two people gathering in public. In markets overnights, Asian stocks have rallied after the Federal Reserve’s latest stimulus package whilst US futures are currently higher too, despite Wall Street’s lower close yesterday. This morning we gain sight of the ‘flash’ composite March PMIs for the UK, Eurozone and US, giving us a steer on how far down these economies have moved so far. This morning Australia’s flash composite PMI fell to 40.7 from 49.0 in February whilst in Japan the ‘flash’ composite output index fell to 35.8 in March from February’s 47.0. The French & German composite PMI readings, which have just been released have both had significant drop too. The French number to 30.2 (38.1 consensus) from February’s 52.0 and the German number to 37.2 (41.0 consensus) from February’s 50.7. At readings below 50, the survey is seen pointing to a contracting economy.

## Disclaimer

Investec Europe Limited (Investec Europe) has issued and is responsible for production of this publication. Investec Europe Limited trading as Investec Europe is regulated by the Central Bank of Ireland. Registered in Ireland Number 222173. Registered office The Harcourt Building, Harcourt Street, Dublin 2, D02 F721.

This publication should be regarded as being for information only and should not be considered as an offer or solicitation to sell, buy or subscribe to any financial instruments, securities or any derivative instrument, or any other rights pertaining thereto (together, "investments"). Investec Europe does not express any opinion as to the present or future value or price of any investments referred to in this publication. This publication may not be reproduced without the consent of Investec Europe.

The information contained in this publication has been compiled from sources believed to be reliable, but, neither Investec Europe, nor any of its directors, officers, or employees accepts liability for any loss arising from the use hereof or makes any representations as to its accuracy and completeness. The information contained in this publication is valid as at the date of this publication. This information is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the matters discussed herein.

This publication does not constitute investment advice and has been prepared without regard to individual financial circumstances, objectives or particular needs of recipients. Readers should seek their own financial, tax, legal, regulatory and other advice regarding the appropriateness or otherwise of investing in any investments or pursuing any investment strategies. Investec Europe operates exclusively on an execution only basis.

An investment in any of the investments discussed in this publication may result in some or all of the money invested being lost. Past performance is not a reliable guide to future performance. To the extent that this publication is deemed to contain any forecasts as to the performance of any investments, the reader is warned that forecasts are not a reliable indicator of future performance. The value of any investments can fall as well as rise. Foreign currency denominated investments are subject to fluctuations in exchange rates that may have a positive or adverse effect on the value, price or income of such investments. Certain transactions, including those involving futures, options and other derivative instruments, can give rise to substantial risk and are not suitable for all investors.

Investec Europe (or its directors, officers or employees) may to the extent permitted by law, own or have a position in the investments (including derivative instruments or any other rights pertaining thereto) of any issuer or related company referred to herein, and may add to or dispose of any such position or may make a market or act as a principal in any transaction in such investments or financial transactions.

Investec Europe's conflicts of interest policy is available at [https://www.investec.com/en\\_ie/legal/IE/terms-and-policies.html](https://www.investec.com/en_ie/legal/IE/terms-and-policies.html)