



# Market Wrap

## Market Update – 24/04/2020

The market this week found support around 5200 after falling at the start of the week. We are looking beyond COVID 19 and focusing on the economy and how the government will fund the stimulus package. What is clear is that interest rate will stay low for years while inflation is expected to be high.

For retired clients and those retiring soon, high inflation and low interest rates will erode away your capital held in fixed interest investments. With a number of companies raising capital right now, you need to consider the nature of the investment and any inflation risk it carries.

Over all the market is down from the high of 7100 to 4500 a drop of 2600 points. It has recovered around 700 points or about 27% of the loss. We are still expecting that market will retest the lows in the coming months, this could be proceeded by a market rally on the back of restrictions being lifted.



As we start to see restrictions being lifted we have turned our attention to the economy. What damage has COVID 19 caused the economy and which companies will be quick to recover and which ones will not recover. We are focused on reducing exposure to those companies who will fail or struggle after COVID-19.

You can expect that dividends will be cut not cancelled, as companies look to ensure that they have sufficient cash to maintain operation as the economy recovers. We are closely looking into the fix interest sector as liquidity issue can cause restrictions to your capital. Investments which may be affected, might be better held in cash for now.

ASX 200 close down 4.6% for the week ending 24/04/2020.