

CLIENT UPDATE

24th April 2020

Dear All,

My third update since the Coronavirus pandemic has started, and I want to try and alleviate any worries or feelings of isolation that I'm sure some of us are feeling.

With all the noise of the media, it is bound to be a worrying time, especially as they don't often seem to be telling us all that much. I'm sure that coming out of lockdown is a tricky negotiation, not only for us, but for the politicians planning it. The balancing act of health vs economy is the key, and how each country manages it is something our individual governments must approach with caution. With the virus at different stages in various areas of the globe, it is hard to replicate others - (the most up to date statistics on COVID-19 can be found here: <https://www.worldometers.info/coronavirus/#countries>).

However, it seems that from other countries around the world, we can start to seek some guidance. China and South Korea, who were ahead of us in the peak of the crisis appear to be slowly moving back to normality. My prediction is UK construction sites begin to open again in May, with schools and shops slowly opening in June.

Economically, the amount of money being pumped into the world by central governments is extraordinary. Governments around the world are managing these huge economic demands as they see fit for their country, all with the same goal in mind: to keep people safe, and their jobs running.



In the UK, huge sums are being pumped into the NHS, as well as the furlough scheme, and other supports for those in varying circumstances i.e self-employment. Loans from the Gilt Market are allowing the Government to provide this, and to help us keep us afloat, however the cost of this must be kept low.

This debt will need to be paid back eventually, and I think it's possible in a couple of ways. It could be over a long-term period, as was the case after WWII, or austerity measures could come into place for the next decade. Higher taxation for certain segments of the market must also be considered.

Below is a graph showing how the UK, US and Global Equity Markets have done since the crash, and another showing the broad US Treasury and UK Gilt markets. The FTSE 100, despite crashing over 30% at one stage, has rallied to 22% below its highs of February. US markets have done a bit better, now only 13% down from February.

Pricing Spread: Bid-Bid Data Frequency: Daily Currency: Pounds Sterling



Source: FE fund info 2020

Date Range: 20th February 2020 - 22nd April 2020



We have also seen the oil price fall to unprecedented levels; great news if we could actually get out in our cars! Countries that import huge amounts of oil like China are benefiting from this. Your investments are spread around the world and into different asset classes to reduce the amounts of risk. Things will recover, we just all have to be a little patient.

From a team personal perspective; the whole team are currently working from home and can access everything just the same as we could in the office, and we are confident we can deal with any queries you have.

If you need anything or have any questions, please feel free to contact me or my team. Hopefully the next time I email you with an update, the UK will have turned the corner and that light at the end of the tunnel has got a bit closer.

James



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