

Irish Life Weekly Investment Bulletin

The week that was – WEEK 13 2020 (ending 27/03/2020)

“Wall Street makes its money on activity, you make your money on inactivity.” – Warren Buffett

Irish retail sales (ex-motor) rose 1.6% y-o-y in February – The latest figures from the Central Statistics Office show retail sales volumes rose by 1.6% in February compared with February 2019 (but down -0.3% including Motor sales). The sector with the largest increase was Household Equipment, up by 11.3% while the largest decrease was Motors & Fuel, down -3.7%.

New U.S. Federal Reserve and fiscal support measures – The Dow and S&P 500 had their best three-day performance since 1931 as a \$2.2 trillion support package in the U.S. was voted in. The Federal Reserve reintroduced the Term Asset-Backed Securities Loan Facility (TALF), last launched in 2008, as well as announcing other liquidity support measures, including unlimited bond buying.

Global stock market up 8.8% for the week, bringing 2020 YTD return to -21.1% – The MSCI AC World TR Index showed a 8.8% return from 20th March to 27th March after revised support measures were announced by central banks and governments to combat Covid-19 and quarterly equity rebalancing. The Vix ended the week flat, at 65.54 (from 66.04 the end of the previous week).

EU suspends ‘Stability and Growth Pact’- The EU Economic and Financial Affairs Council approved the proposal of the European Commission to suspend for the first time the Stability and Growth Pact (limits fiscal deficits to 3% and total debt to 60% of GDP). This will ensure that more highly indebted countries in particular can increase their spending to address Covid-19.

Record U.S. weekly unemployment claims figure of 3.3 million – The Labour Department reported that initial applications for unemployment benefits rose twelvefold for the week to 3.28 million, which represents 2% of the workforce and nearly five times the previous high ever recorded of 695,000 in the 1982 recession. The total was well above the 1.6 million claims expected.

The Story of the week: Ross Edlund, the owner of Skillet's restaurant in Naples, Florida, reported a customer anonymously left a \$10,000 tip to be divided among the employees, a day before it was forced to close because of the Covid-19 outbreak. He said the kind act shows "truly fantastic people in the world."

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The author cannot make a personal recommendation for any person and you should seek personal investment advice as to the suitability of any investment decision or strategy to your own needs and circumstances. Any comments on specific stocks are intended as an objective, independent view in relation to that stock generally, and not in relation to its suitability to any specific person.

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Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2015	2016	2017	2018	2019	2020 YTD (to 27/03)
MSCI AC World (Gross TR)	1.8	9.7	20.4	-7.2	26.9	-21.1
ISEQ Overall Return	33.6	-2.7	9.7	-20.5	31.4	-30.9
FTSE 100 TR	-1.3	19.1	11.8	-8.5	17.6	-27.2
Euro Stoxx 50 TR	6.4	3.7	9.2	-12.0	29.3	-27.0
S&P 500 TR	1.4	12.0	21.8	-4.4	31.0	-21.0
Nasdaq Composite	5.7	7.5	28.2	-3.9	34.5	-16.4
Nikkei 225	9.1	0.4	19.1	-10.2	20.0	-18.0
MSCI Emerging Markets	-8.0	7.1	27.8	-12.2	13.0	-20.2
Eurozone Government Bonds 1-5 yr	1.0	0.9	-0.2	0.0	1.1	-0.2
Sovereign 10yr Bond Yields (%)	2015	2016	2017	2018	2019	2020 YTD
U.S.	2.2	2.4	2.4	2.7	1.9	0.7
German	0.6	0.2	0.4	0.2	-0.3	-0.5
UK	1.9	1.2	1.2	1.3	0.8	0.4
Japan	0.2	0.0	0.0	0.0	0.0	0.0
Ireland	1.1	0.7	0.7	0.9	0.1	0.0
Italy	1.6	1.8	2.0	2.8	1.4	1.3
Greece	7.9	7.1	4.1	4.4	1.4	1.5
Portugal	2.5	3.8	1.9	1.7	0.4	0.6
Spain	1.7	1.4	1.6	1.4	0.4	0.5
Central Bank Rates (%)	2015	2016	2017	2018	2019	2020 YTD
ECB	0.05	0.0	0.0	0.0	0.0	0.0
Bank of England	0.50	0.25	0.50	0.75	0.75	0.15
U.S. Federal Reserve	0.50	0.75	1.50	2.50	1.75	0.25
Foreign Exchange Rates	2015	2016	2017	2018	2019	2020 YTD
Euro/Dollar (€/\$)	1.09	1.04	1.20	1.15	1.11	1.11
Euro/Sterling (€/£)	0.75	0.84	0.89	0.90	0.85	0.89
Sterling/Dollar (£/\$)	1.46	1.24	1.36	1.28	1.30	1.24
IPD All Property Return % (in Local Currency)	2014	2015	2016	2017	2018	2019 Q3
Ireland	36.1	25.1	12.6	8.1%	9.9%	4.4% (To end of Q3)
U.K.	17.9	13.3	3.6	10.3%	5.2%	1.3% (To end of Q3)
U.S.	11.5	12.5	7.7	7.1%	7.4%	4.7% (To end of Q3)

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