SMYTHE & WALTER

Chartered Financial Planners

Office 9, Brogdale Farm, Brogdale Road, Faversham, Kent, ME13 8XZ
T 01795 532090
E info@smytheandwalter.co.uk W www.smytheandwalter.co.uk

The Week in Review

Tuesday 24 March

Baptish of fire

(for Sunak and Bailey)

When Andrew Bailey accepted the job of Governor of the Bank of England last year, he probably didn't expect the first week or so in his new job would play out as it did. He certainly had no option but to hit the ground running. Following the emergency rate cut on Budget day, a second cut on 19 March saw interest rates reside at their lowest level in history at 0.1%, as the BoE took extreme measures to shore up the economy.

In addition to fighting the COVID–19 outbreak from a public health standpoint, the government are taking unprecedented action to cushion the economic impact. Another new recruit settling into his role is Chancellor of the Exchequer, Rishi Sunak, who took to the Downing Street podium on Friday evening to announce a raft of measures to protect millions of jobs. In a radical move, the government will pay 80% of the salary of retained employees, up to £2,500 a month. This follows previously announced measures, including a £330bn package to help businesses and individuals through the crisis.

Unchartered territory

As we carefully navigate the course ahead, several major central banks have moved to stabilise the financial system by ensuring there is enough liquidity to keep banks and financial markets functioning, supporting businesses and households during the downturn.

On Monday 23 March, the BoE and leading UK lenders issued a joint statement: *"Your banks are rapidly getting systems in place so if you need support, we are here to help. This is an unprecedented situation, but it will pass and the economy will rebound. The Bank of England and the major banks are here to help businesses and households bridge through this difficult period and keep financial hardship to a minimum."*

Challenging conditions (but fiscal support is encouraging)

After a turbulent week on global financial markets, London's stock market surged back into the black on Friday 20 March, as investors focused on fresh government support for companies facing financial strain. There were positive reactions the day before following measures from both the ECB and Bank of England.

Global stocks fell back on Monday 23 March after lawmakers in Washington failed to pass a funding package to tackle the economic consequences of the pandemic. Democrats and Republicans have so far been unable to agree on protective stimulus measures but are edging closer. Despite this temporary blip, the Federal Reserve have taken aggressive measures and positive fiscal steps. Like the UK authorities, they are clearly committed to providing further assistance as the situation evolves, this is encouraging.

Adjusting to the new normal

This week, many school children across England, Scotland, Wales and Northern Ireland, are adjusting to life as home learners, and many in the workforce will now be altering their work practices and everyday logistics, in an effort to restrict social contact throughout society to reduce the spread of the virus. Restrictions progress on a daily basis, as the Prime Minister addressed the nation on Monday 23 March to urge us to stay at home to protect the NHS and save lives.

As we all adjust to the new normal of everyday life, we want to reassure you that although the world faces an extended period of uncertainty and market volatility, even though it will be challenging, we are working hard and are here to support you.

We remain composed and professional and will continue our considered, measured approach to carefully navigate these challenging conditions.

Financial advice is key, so please don't hesitate to get in contact with any questions or concerns you may have.

The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.