

### **Deprcon: Asset markets (19/03/2020)**

- We may have reached a momentary "plateau" in the global stock markets.
- Massive support measures by governments and central banks likely to bring some calm to financial markets.
- This condition is temporary, however.

Governments across the globe have moved quickly to introduce numerous support measures, including issuing money directly to households. Central bankers have re-started large QE-programs and issued near-blanket guarantees to different parts of the financial markets.

It is likely, although not guaranteed, that these actions will help to bring a temporary calm to the stock and credit markets. However, the recent precipitous decline (crash) in equities indicates we are now most definitely in a 'bear market', which will also include energetic rallies, some of which may last for months.

While the first phase of financial market turbulence may be over, we not even close out to being "out of the woods". Even if the world should get the 2019-nCov pandemic under control with draconian measures, the true impact on the real economy will only be obvious later.

If we do see short-term recovery in the asset markets, it might be a good idea to adjust portfolio allocations to prepare for the probable collapse to follow in the "real economy."

Be safe!

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