



# LimmatWealth

## MEMO

### Financial Market Update

Developed Markets	2020 YTD	Since Feb 20th	Maximum Drawdown
Switzerland	-6.2%	-11.2%	-26.3%
Germany	-17.7%	-20.9%	-38.8%
Eurozone	-22.4%	-24.8%	-38.3%
United Kingdom	-21.8%	-20.4%	-33.0%
United States	-9.0%	-13.5%	-33.9%
Japan	-14.7%	-13.8%	-29.3%

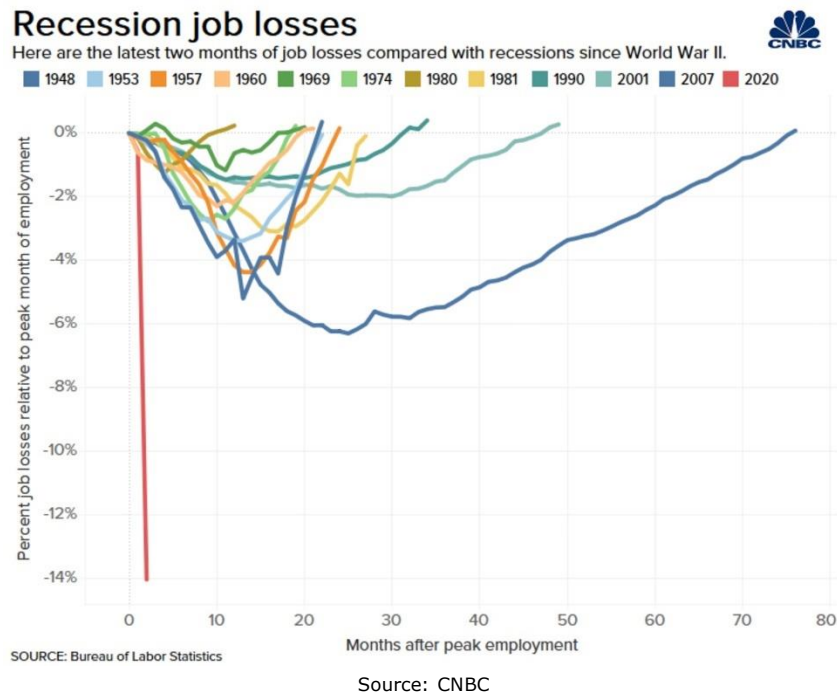
Emerging Markets	2020 YTD	Since Feb 20th	Maximum Drawdown
Asia ex Japan	-12.8%	-12.4%	-27.2%
China	-4.8%	-2.7%	-10.6%

Source: Limmat Wealth, Bloomberg as of May 8, 2020

The spread of COVID-19 and its economic consequences have led to worldwide turmoil since the end of February.

COVID-19 and the measures to contain it have largely brought economic activity to a standstill in many industries. Numerous companies had to reduce their operations or even close them down temporarily. This has led to a devastating economic crisis in many places and unemployment has increased significantly worldwide in recent weeks. In the United States for example, initial jobless claims totaled 3.2 million last week after an average of 5 million filed in the past six weeks. As a result, more than 33 million people lost their jobs in just seven weeks. The unemployment rate is now 14.7% compared to 3.5% in February, which is the highest level in the post-war period. The US government expects an even higher unemployment rate in May (around 20%). As a comparison, the unemployment rates in Europe – favored by short-time work – are somewhat lower: Switzerland 3.3%, Germany 5.8%, Eurozone 7-9%, France 9-11%, Great Britain 4-6%, Italy 9-11%, Austria 12.8 %, and Spain 15-17%.

Job losses related to COVID-19 and government-imposed business closures designed to slow its spread dwarf employment declines seen during prior US recessions in their speed and intensity. Losses since US employment peaked in February represent a decline of more than 14%. As shown below, that by far eclipses the job losses seen during previous recessions.



There are currently about 4.1 million COVID-19 cases and 283'000 fatalities worldwide. More than 1'400'000 patients have recovered so far. The number of reported cases continues to rise globally and seems still not to be under control in the United States, the United Kingdom, and Sweden.

We maintain our long-term asset allocation and have taken the first step to bring the allocation back up to target levels. However, we are cautious as some markets seem expensive to us after the strong rebound.

At Limmat Wealth our focus will be on keeping our service to clients fully functioning, and then seeking to grasp any new investment opportunities which are unearthed by the turmoil whilst ensuring that our colleagues, families, friends, and anyone else we can reach receives any help they need and that we can provide.

Please do not hesitate to contact us if you have any questions.