

# Mackenzie Call Series

## Calming perspectives in uncertain markets

### Coronavirus impact on markets

On March 3, Mackenzie held a conference call that featured Mackenzie's market update in light of the coronavirus (COVID-19). Providing expert insights and analysis on the call was Paul Taylor, Vice-President, Portfolio Manager, Multi-Asset Strategies Team.

#### Conference call highlights

- Coronavirus update: it has had widespread impact across the globe, as it is more contagious and severe than the typical flu. It's still unknown how long it will take to contain the virus, so we cannot anticipate market recovery time
- Some of the primary economic consequences include:
  - Reduced travel and tourism, which is damaging to hotels, airlines, cruise lines, attractions, etc.
  - Decline in retail demand for consumer products, restaurants, entertainment, etc.
  - Worldwide supply chain disruptions, given that any break along the chain will negatively impact others
  - Loss of business and consumer confidence, which could hurt spending initiatives
- From a market standpoint, the coronavirus outbreak has sparked increased volatility and investor anxiety
- Heading into 2020, there was increased optimism for stronger earnings amid solid job creation figures, better PMIs and a phase-one settlement of the U.S.-China trade war. However, optimism has waned given the coronavirus and the uncertain outcome of the U.S. presidential election

#### Global responses in monetary policy

- In an effort to support and stimulate the economy, interest rates were recently cut (25 bps in Australia and 50 bps in the U.S.), with more worldwide easing expected. The U.S. Fed may have unsettled the market with its large rate cut, as it may signal that the Fed has little confidence in economic prospects, which may panic market participants
- The Bank of Canada is widely expected to cut rates. If it doesn't match the U.S. 50 bps cut, investors may view the BoC as not keeping pace with the Fed and this could move the exchange rate and affect cross-border trade  
*\*Note: Since the call, the BoC has lowered its target for the overnight rate by 50 bps to 1.25%*
- The coronavirus may spur Germany to finally take fiscal action and stimulate its struggling economy, while markets will watch China's policymakers to see what they will do as China continues its virus containment efforts
- If the virus is not sufficiently contained across the globe in the near future, the weak corporate results and guidance that have been coming out in Q1 may extend into Q2, 2020 or potentially even longer

#### Keep things in perspective

- Investors need to take a big-picture, longer-term view and recognize that the current environment is a temporary blip and attractive investment opportunities are poised to arise post-containment
- Mackenzie's portfolio managers are on top of the situation and connecting with our experts around the world who can offer different perspectives. Our PMs won't blindly de-risk portfolios as a knee-jerk reaction, but will analyze the market landscape to help inform portfolio decisions and uncover where the best opportunities may reside

**Check out the conference call**

Listen to our archived conference call on our website [here](#) to learn more about our views on the actual and potential economic fallout from the coronavirus, or dial in to the toll-free number below for the instant replay:

English

Toll-free dial-in number: 1-800-408-3053

Passcode: 3512714

Please note that the dial-in number will only be available for 30 days after the event and will expire on April 3, 2020.

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