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Appian
Asset Management

Monthly Monitor

March 2020

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Market Update 30th March 2020

Trading in financial markets continues to be very volatile although equity markets attempted to stage a recovery, rising 10% over the last week. The other positive within the financial markets during the week was a weakening of the US dollar. The strengthening of the US dollar in the preceding weeks has been a sign that there was stress in the financial system. Central banks have injected unprecedented amounts of liquidity into the financial system to ensure that the current health crisis does not turn into a financial crisis. The easing of the US dollar and a recovery in equity markets is a signal that central bankers are being successful in this fight.

The last week was also significant from a fiscal viewpoint. The United States passed a $2 trillion stimulus package equivalent to 10% of GDP. The objective of this package is similar to the packages being put in place elsewhere: in that it is aimed at preventing mass business failure, keeping people employed and replacing lost incomes. The US response is a bit different to the European response in that they are going to be sending cheques directly to citizens. The European response, while unco-ordinated, is similar in size and is also targeting the maintenance of individuals' incomes and the prevention of mass business failure. Interestingly, over the weekend Japan announced it was set to launch a stimulus program that could be almost 100 trillion Yen in size, i.e. 16-17% of GDP. In addition China is preparing to unleash a fiscal spending program equivalent to what it did post the financial crisis. The Chinese spending will be different in that it will focus on generating demand to replace that being lost due to the collapsing economic activity in developed markets.

Lastly, turning to the progression of the virus. In Europe the focus remains on Italy and Spain, where the market is watching to see if they reach a peak in cases. Signs are encouraging that both countries are flattening the curve but the next week is crucial to see if the containment measures being applied are having the desired effect. The progression of the virus in the United States is a couple of weeks behind continental Europe and whilst many parts of the country are seeing exponential growth, there are signs that the containment measures in New York are starting to have a positive impact.

The sign from the market over the last week is that the stabilisation we are seeing is a reflection of the monetary response which has addressed liquidity conditions in the market and the speed of the fiscal response across the globe. In order for markets to stage a further recovery, evidence of a peak in virus cases may be needed (watch Italy and Spain in the short term), or a medical breakthrough in terms of an anti-viral, a vaccine or faster testing. The critical one of these in the short term may be improved testing as this may be the catalyst for economies to restart once the virus has been contained.

Appian Unit Fund Prices

2 March 2020

Appian Multi-Asset Fund	**149.04**
Appian Global Dividend Growth Fund	**183.34**
Appian Global Small Companies Fund	**167.80**
Appian Liquidity Fund	**103.48**
Appian Impact Fund	**104.14**
Appian Burlington Property Fund	**127.07**

For more detailed information on each of our funds click **here**

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