

13 March 2020

3 Things To Watch Out For Despite Further Market Consolidation

Following the COVID-19 pandemic, huge consolidation has taken place again on global equity markets for the past 2 days due to increasing uncertainties on:

1. **Rapid spread of COVID-19 in Europe and North America** – Cases of COVID-19 will continue to escalate globally in the coming weeks. All eyes are now on how bad Africa and South America could be affected, or if the spread could be limited by weather and geography.
2. **Outlooks of corporate earnings for 1Q 2020 amid COVID-19** – Corporates in general are issuing stern warnings on their earnings for 1Q 2020, which has caused the markets to worry about earning weaknesses that could extend to 2Q 2020 and beyond. Companies' ability to repay bond payments when due is another worry.
3. **Oil price volatility due to differences between Saudi Arabia and Russia** – As the spread of COVID-19 continues, investors' worry of a global economic recession has escalated. However, this problem could be alleviated if the Crown Prince of Saudi Arabia, Mohammed bin Salman and the President of Russia, Vladimir Putin, engaged in further talks on oil production quotas.

Don't Panic But Stay Vigilant

Market volatilities will continue in the next couple of weeks. Investors should always stay vigilant and not over-react to market conditions. MPF is a long-term investment and we suggest members not trying to time the market. We will continue to maintain a close dialogue with fund managers, monitor the situation and share BCT updates regularly.