



The economic impact of **coronavirus**

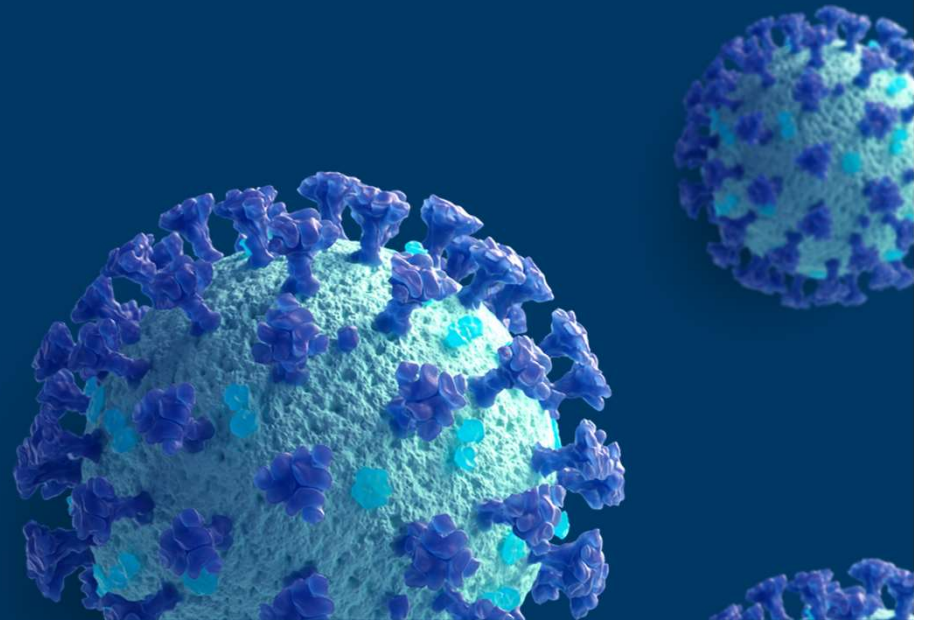
March 19, 2020

Rupert Watson

Head of Asset Allocation at Mercer Investments

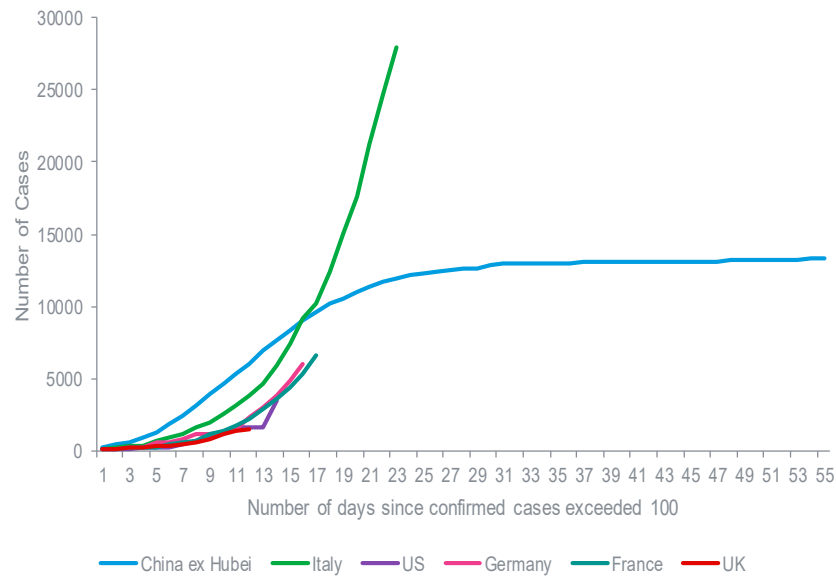
Niall O'Sullivan

CIO of Investment Solutions

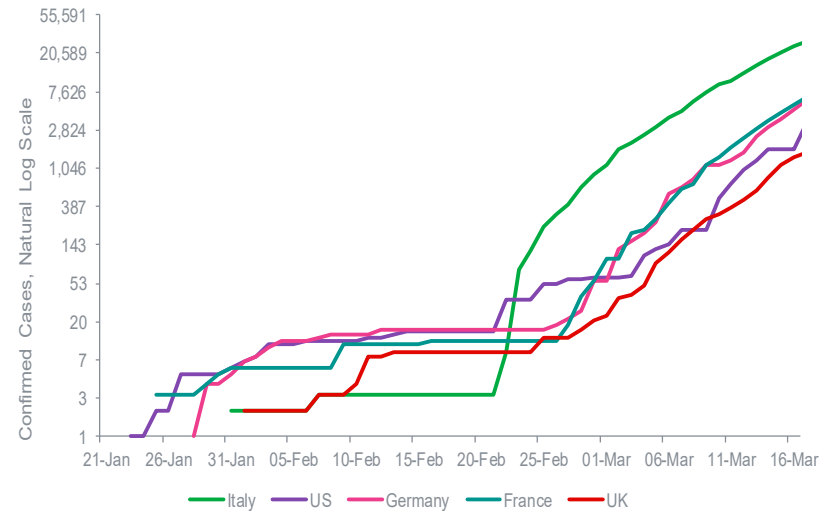


China contained. Others not.

Confirmed Cases by Number of Days Since 100th Case



COVID-19 Confirmed Cases in Selected Countries



**Countries may be able to contain COVID-19.
Question is: are they willing and able to suffer the economic hit to do so?**

The economic impact of the Coronavirus



Direct Impact

as activity curtailed



Indirect Impact

via weaker business & consumer confidence & supply chain disruption



Policy Response

by governments & central banks

Update — 19 March 2020

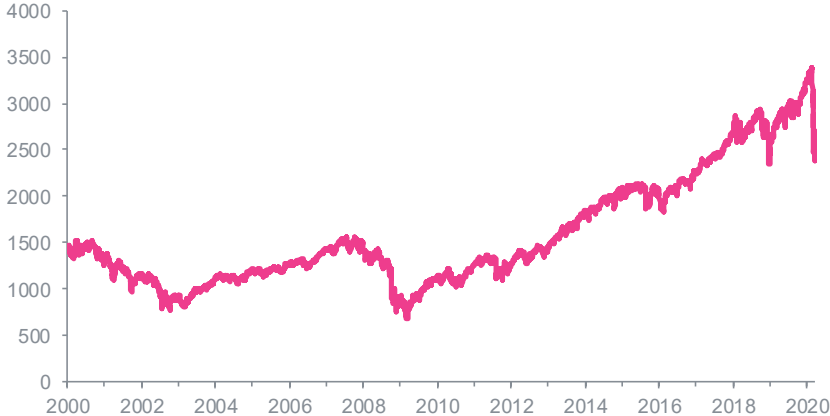
- China returning to normal
- Italy in lockdown
- Others moving that way

- Big confidence hit likely
- Supply chain risks outside of China broaden as more places shutdown

- Fed & others cut rates
- Widespread tax cuts and increased spending
- Measures to support small businesses and flow of credit

Market reaction

S&P 500 Index



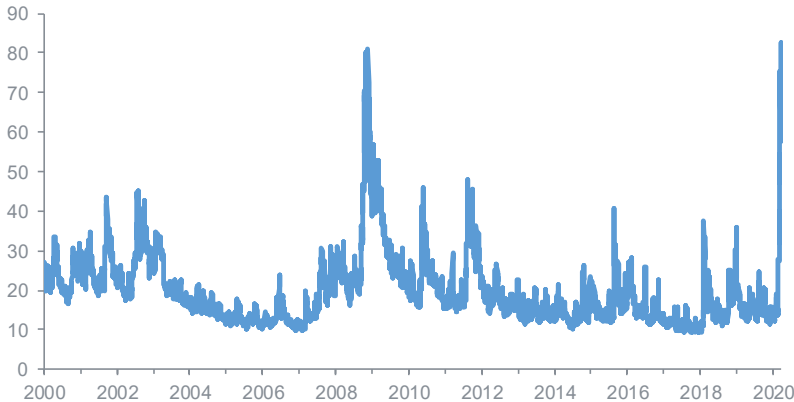
Oil



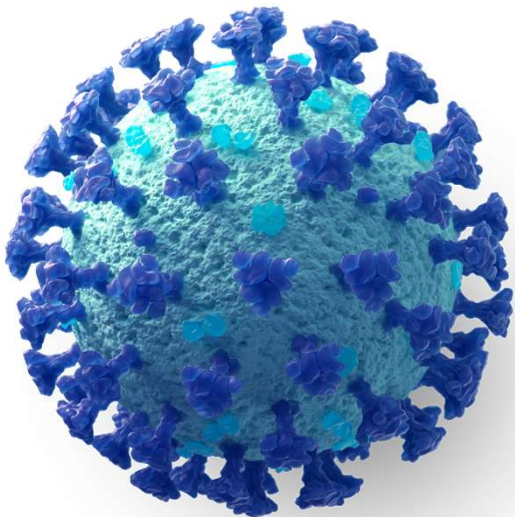
US 10 Year Treasuries



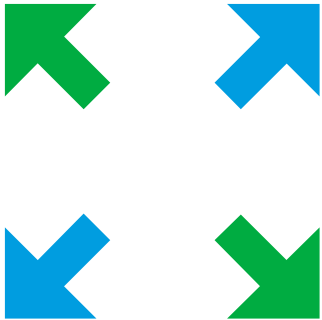
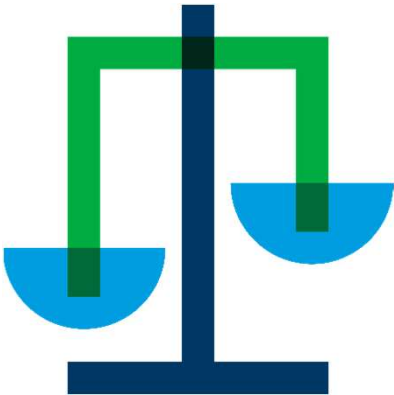
VIX Index



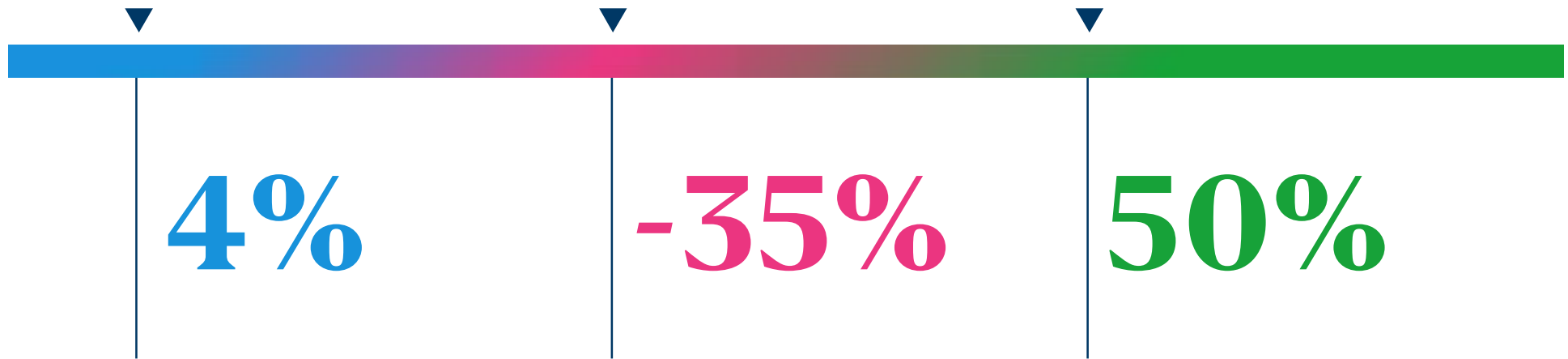
Investment implications from the ongoing Covid-19 outbreak



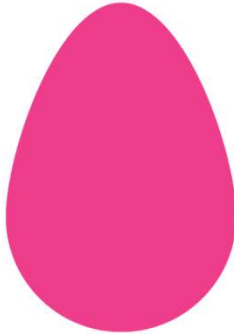
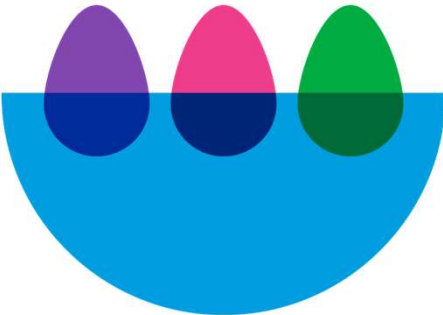
Portfolio implementation



What should you be asking?



Blending & monitoring – how do we create robust portfolios?



Q&A

Thank you

For further information and materials, please visit our Coronavirus hub on www.mercer.com

Please send us any questions by email to Mercer-InvestmentSolutions@mercerc.com



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