

Key stats and facts

The economy and markets in 2020-21

March 2020

Economies

Shock and uncertainty – rapid spread of COVID

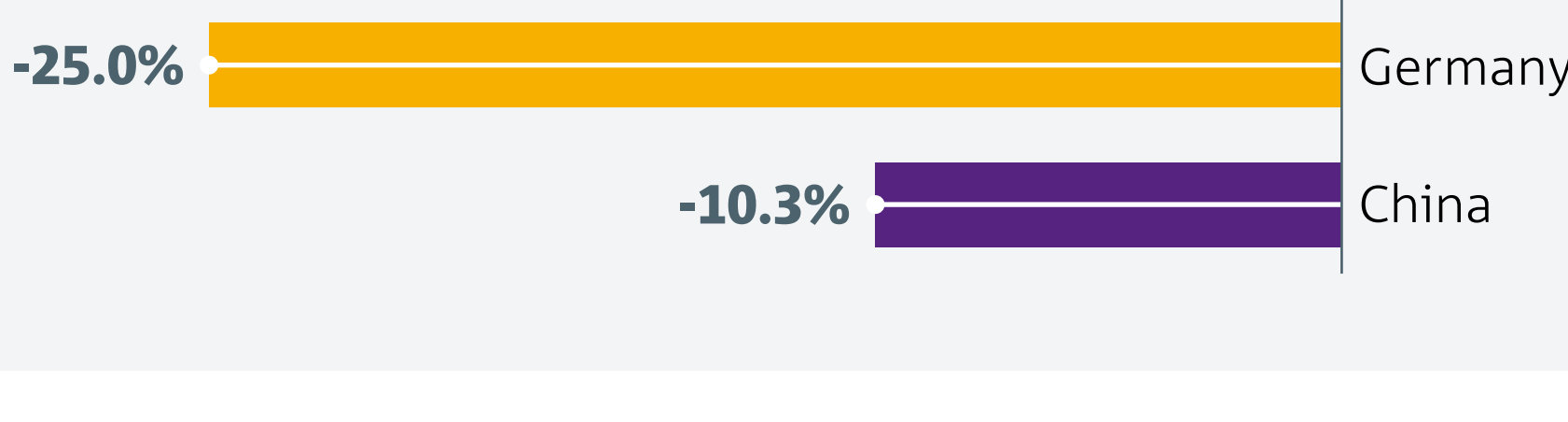
Shock waves to global economies as governments are forced to impose restrictions on social mobility and business activity for extended periods.



Markets

'COVID crash' – global share markets fall hard and fast.

Returns for three months to 31 March 2020¹



April to June 2020

Economies

Adjustment and understanding – some investor confidence restored

The world witnesses worst economic downturn since the Great Depression of the 1930s.



Global

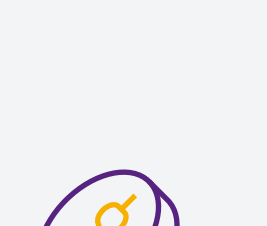
Central banks slash interest rates to near zero

US

- Mar-May: Federal Reserve provides as much financial support as over the whole GFC period of 2008/09
- Unemployment rises to **14.7%** in April

China

- Suffers deep recession in the opening quarter, then rapid v-shaped recovery with virus containment and supportive government measures



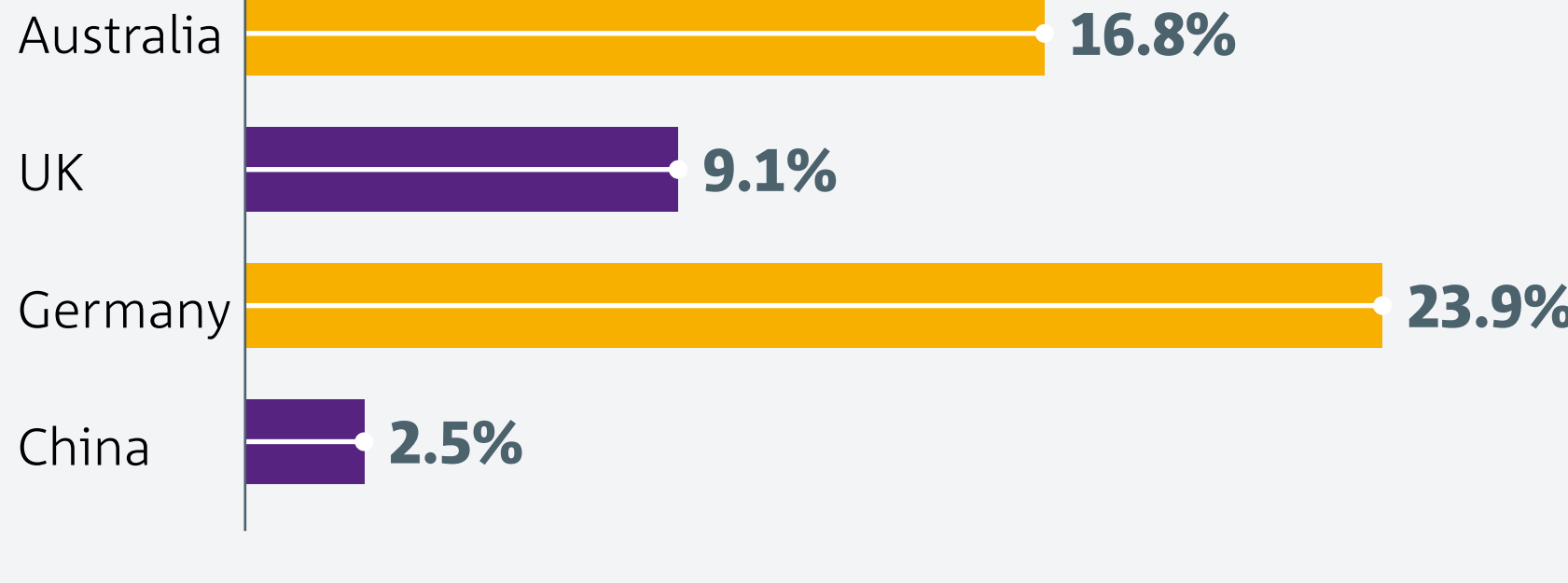
Australia

- Ends nearly 30-year period without a recession
- Federal Government rolls out support programs including JobKeeper and JobSeeker
- Reserve Bank reduces cash rate to **0.1%**

Markets

Share markets stage strong and swift recovery driven by massive government and central bank intervention.

Returns for three months to 30 June 2020¹



Highlights the importance for investors to remain calm and focus on the longer term to benefit from rebounds in markets

Year end 2020

Economies

Positivity and confidence – encouraging vaccine trial results restore some stability

Central bank and government actions around the world result in signs of economic recovery emerging in the second half of the year.



Global

Europe

- Suffers a deep recession in first half of 2020, then a brief recovery before another virus surge sees curfews and lockdowns again, in late 2020



US

- Unemployment falls from **14.7%** in April to **6.7%** in December 2020
- Ultra-low official interest rates



Australia

- Unemployment falls to **6.7%** from a peak of **7.5%** in July 2020
- Consumer confidence above pre-COVID-19 levels

Estimated global GDP change in 2020

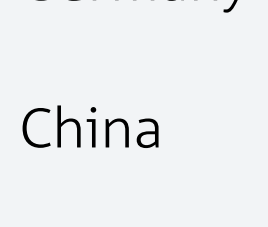
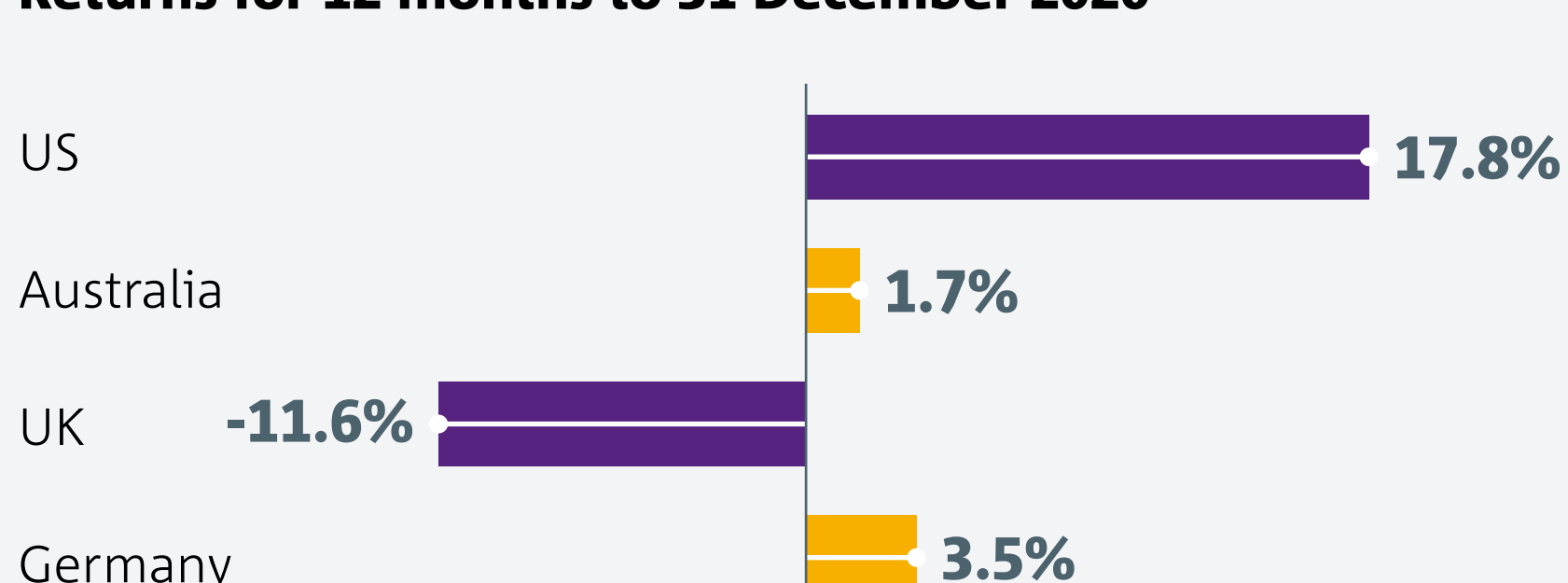


Source: IMF

Markets

Many major share markets end the year with positive returns.

Returns for 12 months to 31 December 2020¹

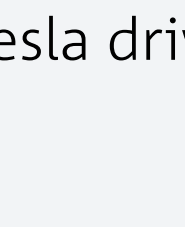


Tech companies lead returns with Apple, Microsoft, Amazon, Google and Tesla driving performance

Geopolitical issues are a major focus for markets



US presidential election in November



Britain's exit from the EU finally agreed

Outlook 2021

Economies

Mixed news – good news on vaccines, with over 200 in development, but COVID-19 also mutating

The pandemic remains unbeaten – economies can't return to normal until it is.



Global

- Higher potential US economic growth and mass inoculation provide some optimism
- Increased demand for products and services to drive improved incomes and employment prospects
- Risks include the impact of COVID-19 mutations and the possibility of higher inflation

6.25%



Australia

- Unemployment is expected to remain at an average **6.25%** into the middle of **2022**

Markets

The investment environment remains complex and challenging.



- Investment diversification remains key, minimising the impact that any one investment has on your portfolio
- Plum's investments remain highly diversified and we can act quickly in changing markets
- Investing is often a multi-decade journey and there will be bumps along the way
- Sticking by diversification and keeping your eyes on the long-term endgame is key

¹ S&P/ASX 300 Total Return Index; S&P 500 Index; FTSE 100 Index; German Aktien Index (DAX); MSCI China Index. Source: FactSet. Returns shown are measured in local currency terms.

Important information and disclaimer
Information current as at 12 February 2021

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