



Good Day RF Clients,

As we aim to keep you informed, below are some of the key developments locally, regionally and globally. The sooner the economies of the US, Canada and Europe recover the sooner our markets will recover.

From MorganStanley

### A Deeper US Recession

As social distancing and coronavirus disruptions to economic activity have become more pervasive, the downside to GDP will be increasingly significant. We expect the US economy to contract at a 2.4% annualized rate in 1Q, followed by a historically sharp 30% contraction in 2Q20.

We now see 1Q GDP dropping by 2.4% as economic activity has come to a near standstill in March, followed by a record-breaking drop of 30.1% in 2Q. We estimate that March will also mark the first drop in nonfarm payrolls, down 700k. We expect a record-high unemployment rate, averaging 12.8% in 2Q.

We assume sharp declines in areas of consumer discretionary spending like travel, dining out, other services and motor vehicle spending among others. This will leave a large hole in consumer spending in 2Q, when we expect real personal consumption expenditures to contract at a 31% annualized pace. We expect that 3Q will look somewhat better as consumption climbs back to around its pre-virus level.

The outlook for business investment is likely to look more U-shaped, and residential investment should follow a similar pattern. Our base case economic outlook is conditioned on our biotechnology team's COVID-19 outbreak dynamic model, which estimates the outbreak peak around late April. As social distancing measures will likely begin to recede thereafter, we continue to forecast a gradual normalization in economic activity in 2H20. Following a contraction of 2.3% 4Q/4Q in 2020, we forecast a 3.3% pace of growth in 2021. Incorporating our revised forecasts for the US economy, our global economics team sees an even deeper 1H20 recession, taking full-year global growth to 0.3%Y.

Monetary and fiscal policymakers are now acting in concert, with the Fed trying to ensure liquidity remains ample and cost of funding low, while Congress is acting quickly to pass a sizeable stimulus package that includes important lifelines for impacted households and businesses on the order of \$1.3-1.4 trillion.

Read The  
Rest

Have questions about this update or surrounding the Coronavirus market impacts? Submit them here and we'll address them in our next communication.

Submit Question

### Regional Updates

Want to know what's happening in the region and beyond? Here are a few updates:

#### ☐ Barbados

- Barbados has 17 cases as at 23 March. To date there have not been any deaths.
- Barbados stepped up its COVID-19 response to Stage Two. The Government's COVID-19 Czar Richard Carter noted that at Stage Two gatherings are now limited to no more than 25 persons.

#### ☐ Bahamas

- The Government of The Bahamas confirmed four COVID-19 cases. To date there have not been any deaths.
- The Government declared Restricted Movement Order from 18 to 31 March 2020 (Attached).
- On March 19, the Emergency Power (COVID 19) (No. 1) Order, 2020 was announced (Attached).
- Deputy Prime Minister Peter Turnquest outlined in Parliament the broad fiscal measures being taken by Government to stabilize the economy during this crisis.

#### ☐ International

- The Cayman Islands suspended all flights effective Friday March 20<sup>th</sup> and today announced they have two new cases taking the total to five. They also announced a curfew from 9pm until 5am and gatherings are limited to 10 people.
- Canada and the U.S. agree to close their border to non-essential travel.
- US legislators debate whether the aid package should be \$1.5 trillion or \$2.0 trillion.
- European Central Bank unveils €750 billion stimulus package.
- Trudeau announces \$82 billion federal aid package for Canada.
- U.K. announces £38 billion stimulus package.
- Global cases surpass the 370,000 mark.