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Choice
CAPITAL

MARKETS & COVID-19 UPDATE



As Melbourne re-enters stage three lockdown for six weeks, while the rest of the nation continues to emerge from hibernation, let's look at what's been happening and what it may mean for you.

MELBOURNE IS JUST PART OF AUSTRALIA

While the last week has seen a dramatic escalation of the coronavirus situation in Victoria, it's important to remember that overall Australia is continuing to do well, and has been one of the standout performers globally in limiting the spread of the virus.

It is also positive that the Federal Government is not considering the reimposition of nationwide restrictions.

GOVERNMENTS TO CONTINUE SUPPORT

Signs point to fiscal policy remaining in place for as long as it takes to get to the other side of this pandemic.

- **JobKeeper assistance is likely to be extended past the original September end date.**
- **Planned personal Income tax cuts may be brought forward by at least a year.**
- **Further State Government support measures are expected to be released for those most impacted.**

This is key to ensuring that *Individuals and Businesses* have sufficient funds to participate in the economic recovery.

BANKS ARE EXTENDING THEIR SUPPORT

Lenders are putting measures in place to help struggling borrowers avoid a 'cliff' in September and give them the breathing space needed to get back on their feet financially.

- **Most lenders to extend the loan repayment deferral period to the end of January.**
Borrowers still genuinely experiencing ongoing financial difficulty due to Covid-19 will be granted an extension of up to 4 months if required.
- **Depending on individual circumstances, other options may include extending the loan term and/or reverting to interest-only payments to assist with budgeting.**
- **Interest rates look set to remain at record lows for the foreseeable future, with great incentives available for refinancing to another lender.**

GLOBAL ECONOMIC RECOVERY

A further positive takeaway is that global economic activity has already started to rebound and numerous indicators suggest that government and central bank stimulus packages are working well.

- **Shares are benefiting from improving sentiment as economies continue to reopen.**
- **The June quarter showed an impressive rebound in financial markets both here and abroad -**
For example, the US S&P 500 had its best quarter since 1998!

SUMMARY

Whilst the outbreak in Victoria has no doubt created more uncertainty, we believe this will only have a temporary impact on confidence. State and Federal Governments, along with the banks, are prepared to offer ongoing support, and the foundations for recovery have been laid. Of course, there is still a lot of water to go under the bridge and the main goal is for the development and deployment of a safe and effective vaccine. If this is not forthcoming, then a "new normal" will be in place for some time.

We will be in touch regarding the further support measures available as we learn more.

If you have any questions or require advice on your own circumstances, please do not hesitate to get in touch with us on 03 9686 4976 or choice@choicecapital.com.au