

Special edition:

Routed markets, a recession looming: What should we do?

March 17, 2020

Clément Gignac

Senior VP, Chief Economist



Disclaimer



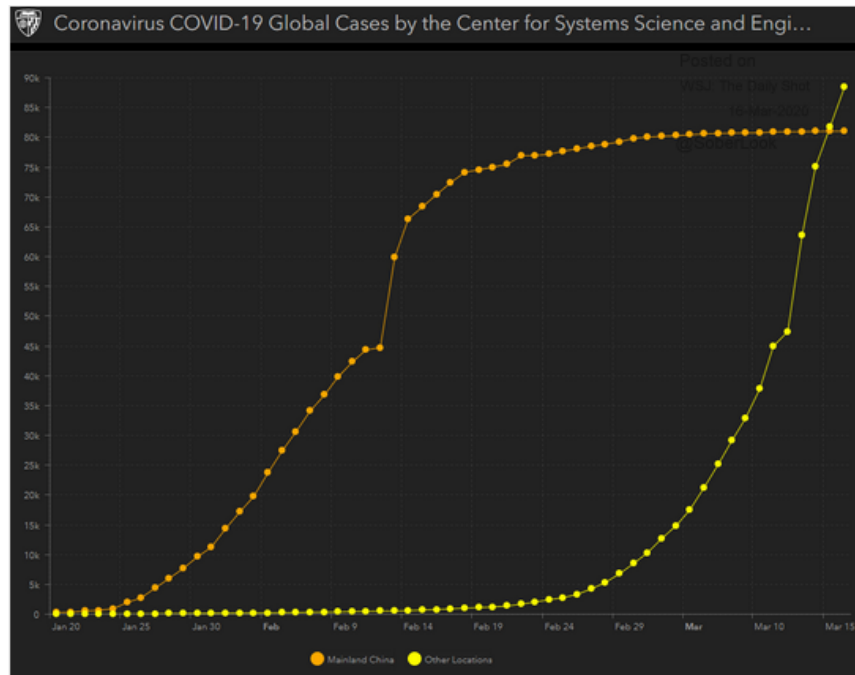
Opinions expressed in this presentation are based on actual market conditions and may change without prior warning. The aim is in no way to make investment recommendations. The forecasts given in this presentation do not guarantee returns and imply risks, uncertainty and assumptions. Although we are comfortable with these assumptions, there is no guarantee that they will be confirmed.

Industrial Alliance Insurance and Financial Services Inc.

An update on the Coronavirus

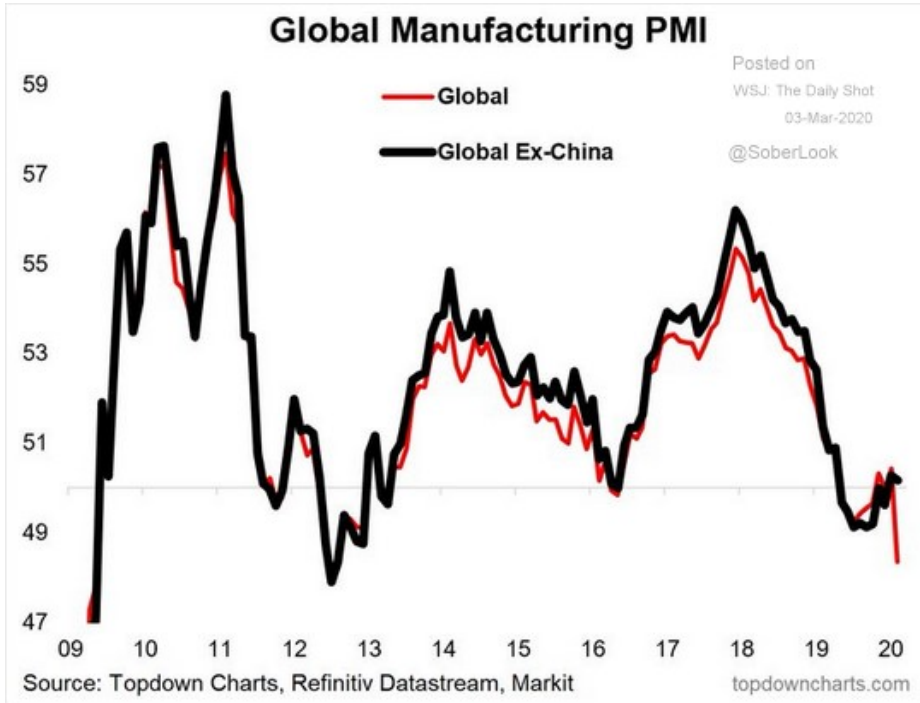
Coronavirus:

Looking under control in China, still growing in the Rest of the World

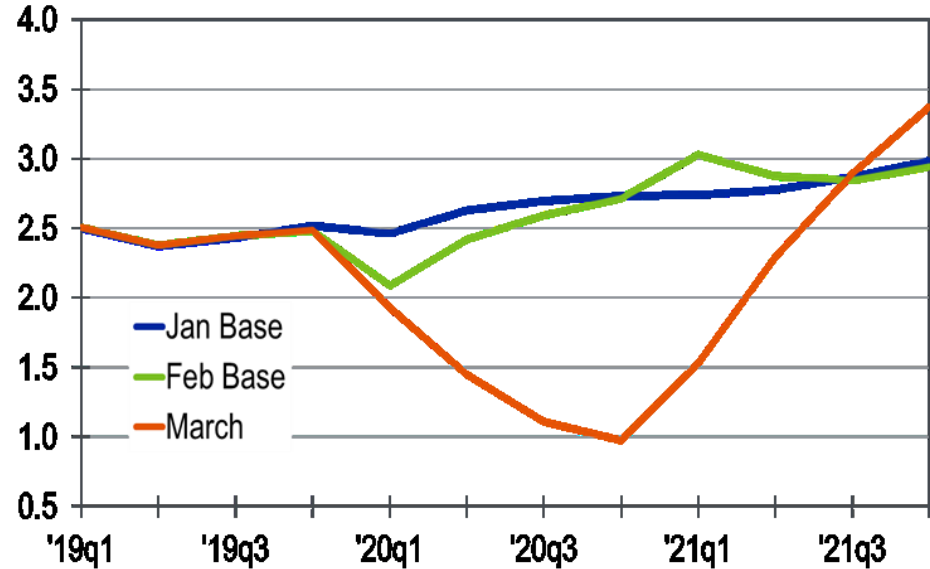


Impact of COVID-19:

A global economy entering a recession



Global real GDP by forecast vintage, % change yr ago



Sources: Moody's Analytics

Capital Markets:

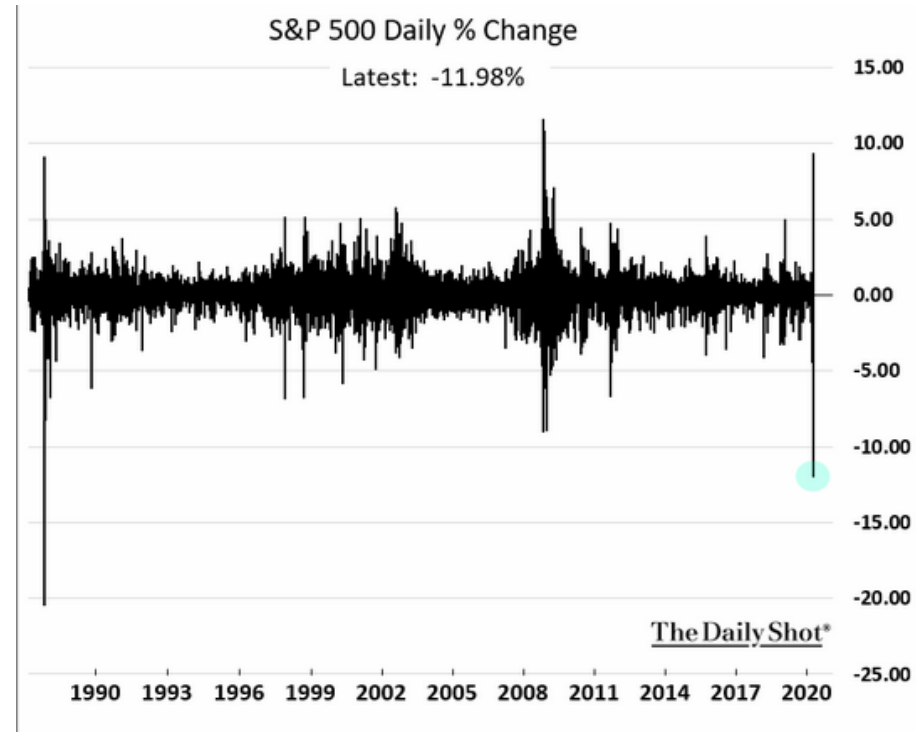
The rout accelerates

Wall Street:

All gains from 2019 have been wiped out



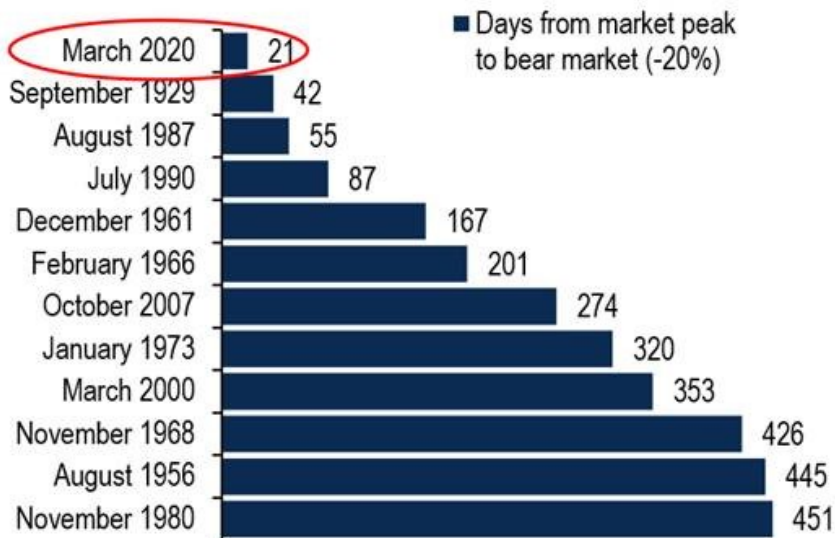
Monday March 16 mars: worst day since 1987



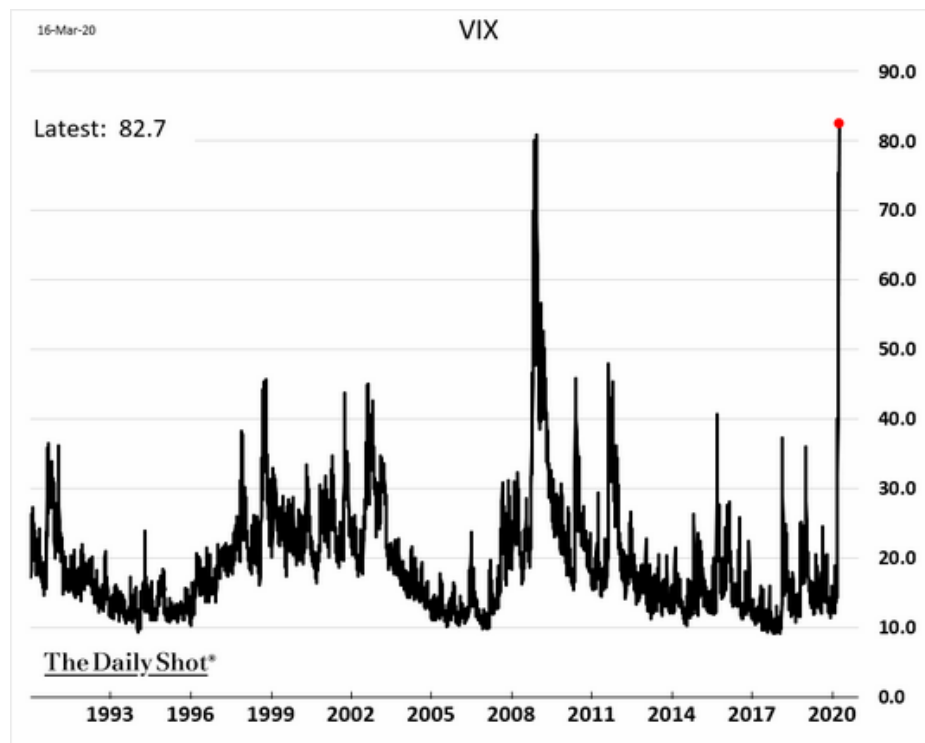
Wall Street:

The swiftest bear market on record

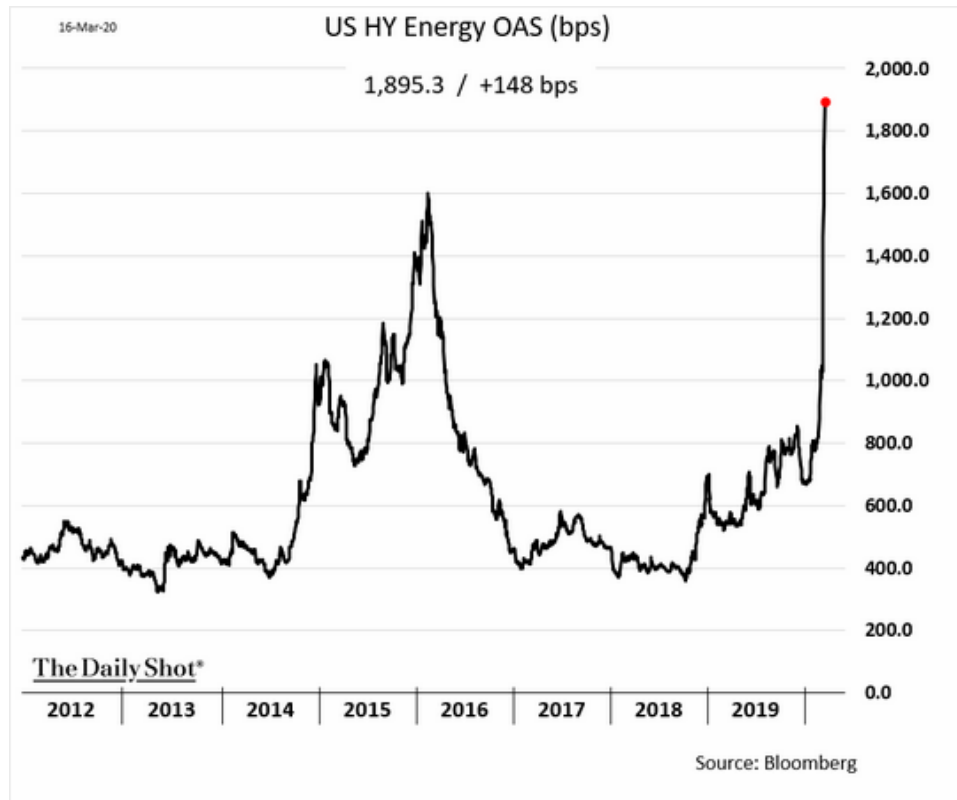
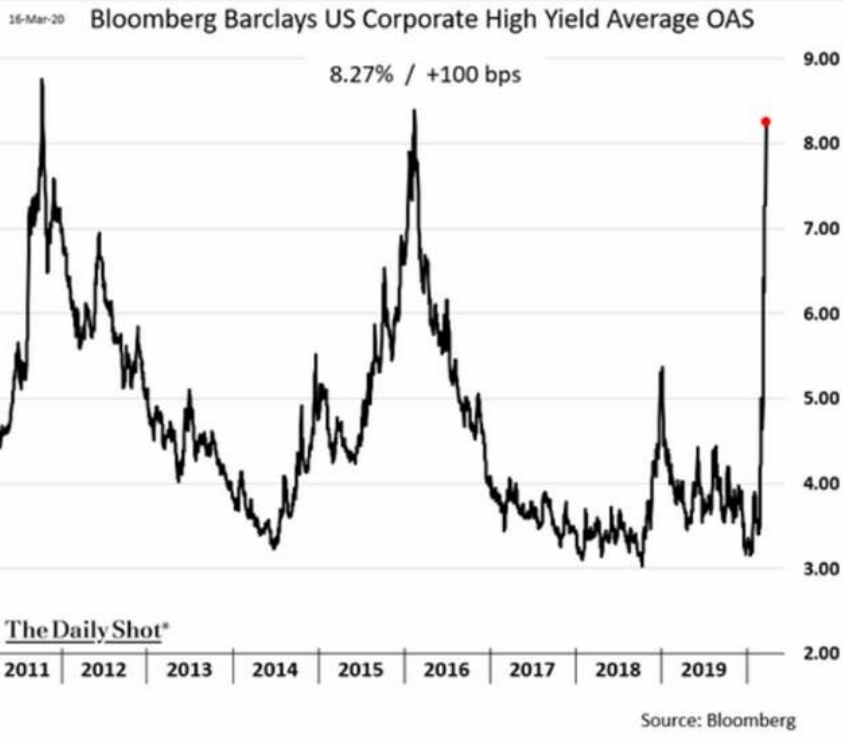
Chart 3: The fastest bear market in history



Source: BofA Research Investment Committee, Bloomberg



Corporate debt: Risk premium exploding... particularly for indebted businesses

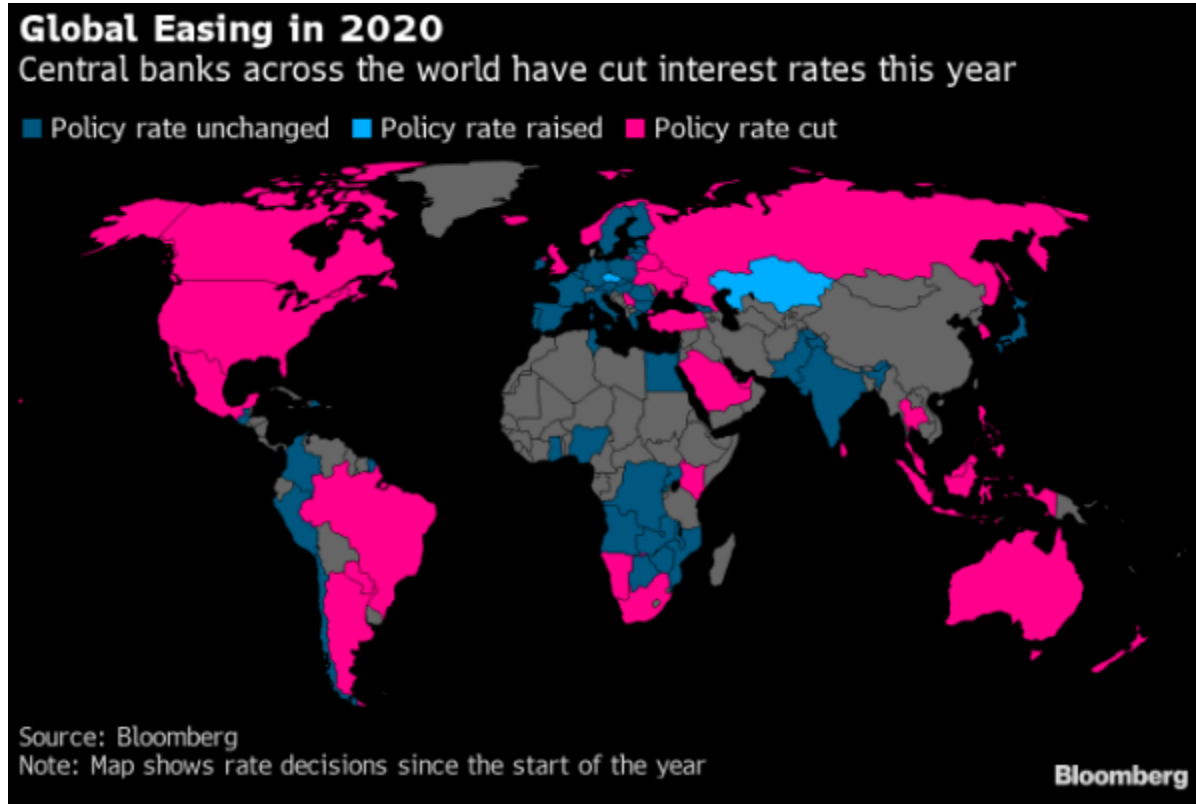


**Concerted reactions from policy
makers :**

A key event in this crisis!

Central Banks:

Rate cuts are piling up all over the planet



Fed & Bank of Canada:

Massive rate cuts, back to QE in the U.S.!

Fed Slashes Rates to Fight Coronavirus Slowdown

Bank also will purchase \$500 billion in Treasury securities, \$200 billion in mortgage-backed securities



Bank of Canada makes emergency interest rate cut



Move comes on top of previous 50-point cut last week

[Pete Evans](#) - CBC News - Posted: Mar 13, 2020 2:20 PM ET | Last Updated: March 15



Concerted fiscal measures: Taking out the bazooka, « whatever it takes »!

Trump seeks stimulus package potentially worth more than \$1 trillion, including direct payments to Americans

PUBLISHED TUE, MAR 17 2020-12:00 PM EDT | UPDATED MOMENTS AGO

CANADA

Morneau to announce plan to help workers affected by coronavirus outbreak soon

EUROPE NEWS

Italy vows to implement 'a massive shock therapy' against the coronavirus

PUBLISHED MON, MAR 9 2020-5:43 AM EDT | UPDATED MON, MAR 9 2020-9:18 AM EDT



Silvia Amaro
@SILVIA_AMARO

SHARE [f](#) [t](#) [in](#) [✉](#)

EU Ready to Trigger Crisis Clause Allowing Fiscal Stimulus

ECONOMY

Britain unveils \$39 billion spending package as it tries to tackle coronavirus slowdown

PUBLISHED WED, MAR 11 2020-10:17 AM EDT | UPDATED WED, MAR 11 2020-10:30 AM EDT

Economics

Germany Ready to Ditch Balanced Budget to Combat Coronavirus

By [Birgit Jennen](#)

Germany Promises Unlimited Billions in Aid to Fight Virus Impact

Chine:

Infrastructure stocks rally on stimulus hopes, local governments announced over 25 trillion yuan investment

MARCH 2, 2020

Source: WSJ, CNBC, Bloomberg

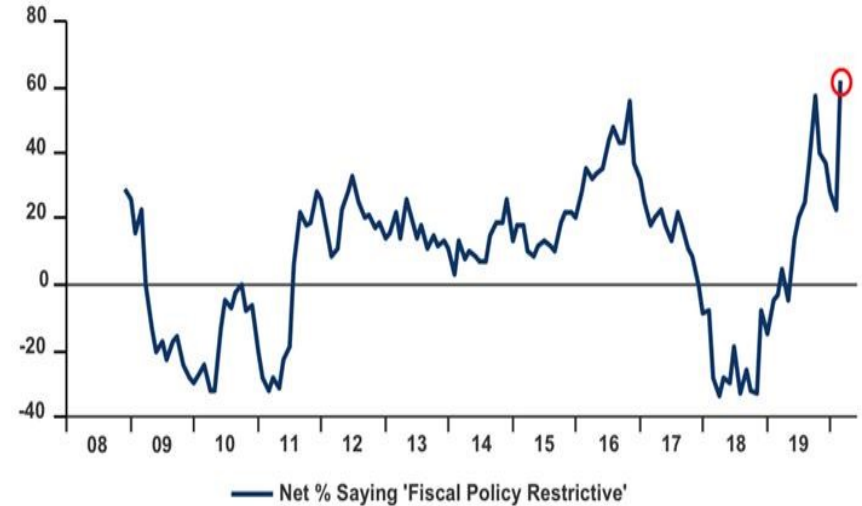
Long-term rates: Game changer under way...

The yield curve should steepen strongly

U.S. Real Rates 30 years



Exhibit 7: Fiscal policy most restrictive on record



Source: BofA Global Fund Manager Survey

To reach and follow us: www.ia.ca/economy

Economic News with Clément Gignac and His Team

Latest publications

March 11, 2020

WEBINARS

Coronavirus, oil and market turmoil: Should we fear a recession?

Clément Gignac | [Video](#) and [PDF](#)

| A special webinar (the english video will be available soon).

March 6, 2020

WEEKLY ECONOMIC PUBLICATIONS

The Federal Reserve and the Bank of Canada cut rates

Sébastien Mc Mahon | [Video](#) and [PDF](#)

| This week, we give an update on market volatility and the concerted actions of central banks.

February 28, 2020

WEEKLY ECONOMIC PUBLICATIONS

Special edition: coronavirus and market correction

Clément Gignac | [Video](#) and [PDF](#)

| This week, we take a look at the current stock market correction.

February 26, 2020

WEBINARS

Economy and capital markets: China in the spotlight



Sign up for our
newsletter

Clément Gignac

Clément Gignac is Senior Vice-President and Chief Economist at IA Financial Group. He serves as the company's spokesperson on economic matters.

[Read Clément Gignac's biography >](#)

Contact Clément Gignac's team

economics@ia.ca
418-684-5000, ext. 107971



Clément Gignac
Senior Vice-President and
Chief Economist
clement.gignac@ia.ca



Sébastien Mc Mahon
Senior Portfolio Manager,
Diversified Funds and
Economist
sebastien.mcmahon@ia.ca
418-684-5000, ext. 107971

INVESTED IN YOU.

