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 A lot has happened in the last week as the virus continues to spread across the world. I wanted to give you a quick update and my views on the pathway out of this and what the future may bring.In China, where it originated, the official figures reached an important milestone. As of Wednesday there were no new infections in China caused by transmission within its borders. All of the new cases could be traced to transmission from other countries . Although, there is likely to be a rise in new cases within China as people continue to return to work it does seem that the draconian measures undertaken by the Chinese authorities from late January to March have been successful. It is hard to estimate the level to which life has returned to normal in China, but pollution is back to 2019 levels which is a sign of economic activity returning and with people able to move around the country they can also return to work. In South Korea also, new case rates have stabilised at relatively low daily levels so it is reasonable to expect economic activity there to increase.There was a difference in how these two countries approached their outbreaks, China locked down entire regions whilst South Korea concentrated on testing and tracing contacts. This should show the rest of the world how to approach their own outbreaks to gain control over case rates. The World Health Organisation has emphasised that one measure alone will not beat the virus so a combination of actions must be used. Countries are attempting, to a lesser of greater degree, a mix of movement restrictions, social distancing, testing and tracing whilst emphasising the need for cleanliness.The epicentre of the pandemic is now focused on Europe and on Italy in particular. In Northern Italy the number of cases has risen at an alarming rate, which led the government to impose countrywide restrictions on movement akin to the measures taken in some regions of China. We are now approaching two weeks of lock down in Italy and it was from a similar point in Hubei, China, that the new case rate began to ease. What the world needs now is good news in the fight against this virus. That could be a reduction of new infection rates in Italy, a milestone that could be closer than you think?Testing for the presence of the virus and then tracing the contacts of positive cases was a key method used in South Korea. However, it is clear that there are not enough test kits and a more efficient way to test for the presence of the virus is needed. Not just while people are infected but also to check whether they have had the virus and therefore have immunity. There are almost daily announcements regarding testing and if one or more of those were to result in an efficient solution then this would be a game changing event in the fight against its spread. Again, the markets would take this positively.The policy response to mitigate the economic impact of curbing social interaction has been equally dramatic. Interest rates were already very low in many countries but one by one they have sought to reduce interest rates still further, in some cases to zero or close to zero. In addition, large bond buying programmes (quantitative easing) have been reinstated. The crisis level of monetary stimulus that we saw in the aftermath of the global financial crisis of 2008 is most definitely back, but it is not aimed at stimulating economic activity. It is instead aimed at keeping the financial system healthy during the temporary shutdown of economic activity. It is this shutdown that risks causing companies to go bust and people to lose their jobs. The authorities cannot afford to let this happen, as we will need the goods and services of these companies in the recovery phase once the virus is brought under control. For this reason, governments in many virus hit countries are stepping in with fiscal support. In the US there is even talk of giving all citizens a cash payment irrespective of whether they have been impacted by the virus. Much of which would find its way into spending and The fiscal support to businesses and individuals impacted by the temporary reduction in economic activity will result in more government borrowing but this is a price worth paying if the restriction of movement successfully tames the spread of the virus. The economic and human cost if nations were to do nothing would be catastrophic so the risks associated with higher borrowing ls a price worth paying and one that would protect future economic growth.On Friday the UK government gave the detail around measures to support businesses and individuals during this period. Similarly, in the coming days the market expects the US authorities to clarify the steps they will take and put a final figure on the size of the package. At present the market is reserving judgement on the impact of stimulus. If the responses are well thought out and of a size to make a difference then investors may be encouraged back into the market.The world will go into recession in the first half of 2020 (defined as two consecutive quarters of negative growth) but if investors can see a path towards control of the virus spread, whilst government support steps in to lessen the economic impact then there will be reason for optimism on a forward looking basis. Even if the virus is not eradicated completely, the world will have gained the time to find an effective treatment. Less cases will also allow freedom of movement to return and the associated bounce in economic activity will be marked. What is more, the stimulus that has been committed will have a lasting impact on growth prospects that outweigh the negative impact of what we are living through currently.It may not seem likely now and there is no way to call the bottom but there is a pathway out of this and in the long-term, periods like it will be thought of as a good buying opportunity for those that focus on the horizon.Portfolios are designed to deliver returns over a period of at least five years, and although the current turbulence may be hard to stomach, it should turn out to be temporary. Investors are rewarded for staying in the market in the long term. Diversified portfolios, where investments are spread across different asset classes and regions, offer further peace of mind. Finally, each client’s portfolio should reflect their attitude to risk. Portfolios with a greater proportion of equities may underperform while the coronavirus hovers over the markets, but they tend to deliver better returns in the long term. On the other hand, returns from portfolios with a higher allocation to bonds should fluctuate less in the short term. **Toni Meadows**Chief Investment OfficerOmnis Investments LimitedIssued by Omnis Investments Limited. This update reflects Omnis’ view at the time of writing and is subject to change.  The document is for informational purposes only and is not investment advice. We recommend you discuss any investment decisions with your Openwork financial adviser. Omnis is unable to provide investment advice. Every effort is made to ensure the accuracy of the information but no assurance or warranties are given. 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