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March 2021 Newsletter

ONE YEAR ON FROM THE START OF THE PANDEMIC

Exactly one year ago, Europe was brutally attacked by a new and unknown virus arriving from China.
First it was Italy, then Germany, then France, then the whole continent, finally the entire world, beyond the oceans, in the north as in the south, in the east as in the west, the Coronavirus has hit our everyday life like a tsunami.

The unpreparedness, the fear, the sick, the dead and the first lockdown forced all humanity to accept and to adapt to a social and economic scenario never experienced since the end of the Second world war.

The financial markets have evidently reacted, suffering, in March 2020, a collapse not seen since the crisis of 2008.

The situation is less dramatic than we might have thought

Twelve months have passed since the outbreak of the pandemic and the global economic and financial situation appears less dramatic than initially assumed. Apparently, there is optimism and many even expect a consumption boom once the pandemic will be completely contained.

In China, where it all started, the GDP has already returned to pre-pandemic levels and analysts say the US economy will also recover soon, coming back to pre-coronavirus figures in the third quarter of this year.

Unlike the crisis of 2008, such a rapid recovery, primarily in the financial markets, is mainly due to the unprecedented stimulus packages injected by governments all around the world.

After the $ 900 billion injected by the US government at the end of 2020, the new President Joe Biden has announced further support measures that are around $ 1.9 trillion.

Inflation fear: focusing on commodities without forgetting stocks

What While stimulus packages and large-scale vaccines administration instill hope, on the other hand, the arrival of this immense flow of money triggers a palpable inflation worry on the markets.

It is precisely for this reason that at the moment, the rise of commodity prices and of interest rates are the dominant issues debated on the main stock exchanges.

Despite this, analysts seem to agree not to be influenced by the fear of inflation. In fact, they continue to prefer stocks to bonds, and, at the same time, they support commodities more than liquidity.

In these times of uncertainty, investors remain defensive, but they are not leaving the stock market, focusing on the classic and safe securities of pharma, biotechnology and Big Tech, but also on consumer staples industry producing and selling items essential for everyday use, such as food.

In a period of lockdown or semi lockdown in which many states still find themselves, food delivery services, even better if organic and natural, seem to be enjoying considerable success.

Among consumer staples stocks we can mention:

- Sprouts Farmers Market Inc. (NASDAQ: SFM)
- Beyond Meat Inc. (NASDAQ: BYND)
- PepsiCo Inc (NASDAQ: PEP)
- General Mills Inc. (NYSE: GIS)