

## Ready to invest again

March Comment 2020

### Where you swim in a swimsuit

March 2020 will not be easily forgotten. It is already part of human history because of the number of dead and sick people that the first real pandemic of globalisation produced. And it is also part of the history of finance as the worst month ever. Nothing will ever be the same again. As the tide turns back, as Warren Buffet says, you find out who swims without a swimsuit. The real uncertainty, which frightens the markets, is to know when the emergency will end; the other is to understand if the reaction to the crisis is adequate and propulsive for the after. The virus has not affected everyone in the same way and at the same time. That is why the states have acted gradually and with caution. The Anglo-Saxon ones first had to overcome an unconscious social Darwinism that delayed the interventions to protect the population. While the European Union is perhaps now taking the measure of how much the lack of solidarity can undermine its foundations. But basically the health emergency is now clear to everyone, including the President of the United States, who has realised that if he does not

react quickly, he will lose the elections. Instead, the central banks have shown, after some brief uncertainty, that they are ready for strong reactions. They have been so because they have long been aware of the risks of their expansionary policies promoted after the outbreak of the financial crisis in 2008. If at that time talking about "helicopter money" (central banks create money and distribute it directly to citizens) was a vague intellectual exercise, now it is conceptually part of the toolbox of the great central bankers. The most spontaneous reaction, in particular of the Federal Reserve, was to immediately inject liquidity into the financial system, to protect it from itself, and cut interest rates. The ECB, where rates are already negative, has favoured flows to the banks and support for government bonds, in fact, by mutualising the debt of member countries, in particular Italy, thus upsetting the purchase limits imposed on it. Central banks have long been calling for the involvement of fiscal policy. The crisis has also opened up this possibility to the point that in the United States, in addition to the emergency, there

is a return to talking about investments in infrastructures. Whoever is best able to support companies and wages in a phase of forced hibernation will win. The United States is taking action in this regard. France and, above all, Germany, have also allocated significant sums with consistent support policies. Switzerland is probably the country that has been better able to deal with the crisis, directly helping the workers and guaranteeing the banks to finance at rates, "facilitated by the market", the companies that are not forced to lay off in this way: when it restarts, it will still have a productive fabric ready and reactive. China is almost out of the crisis and therefore could be the first country where to invest. You will be remembered for the aid sent to Italy, but also, unfortunately, for having kept silent for too long the seriousness of the health emergency, allowing it to turn into a pandemic. In the new globalization these "forgetfulnesses" will have a price. Politics, especially American politics, will do everything possible to prolong the financial facilities beyond the emergency. The sooner the pandemic ends and the higher up the stocks exchange will climb again, dragged by the same algorithms that so violently punished them. That's why it's important to

be there, especially there, where you swim in your swimsuit.

*Translated with [www.DeepL.com/Translator](http://www.DeepL.com/Translator)*