

Moving in the storm

Rania (Banor Capital): "In this difficult phase for the markets, we are focusing on quality securities"



The current crisis will certainly have an impact on gross domestic product growth at a global level

by Hillary Di Lernia

The spread of **Coronavirus** caused an earthquake in financial markets, and investors find themselves facing a global problem with serious consequences for the economy. Even though the situation is worrying, we must not panic, but try to make the best of the opportunities that the market has to offer. We talked about this to **Gianmarco Rania** (in the photograph), Head of Equities and portfolio manager at **Banor Capital**. "From a macroeconomic point of view, the Coronavirus crisis has had a strong impact on global growth, particularly in some countries like China, which represents the second world economic power", affirmed Rania. "Chinese GDP, which was estimated at the beginning of the year to be approximately 6%, already fell to 5-5.5%, and it is thought that estimates could go even lower to reach 3.5% by the second quarter if the epidemic is not stopped. This led to inevitable consequences for the growth of global GDP, which could end up at just around 1%".

The Fed's response

In the last few weeks, the spotlight has been on international central banks, which intervened to support the economy. In particular, the Fed has decided to cut interest rates to

avoid a probable slowdown of US economic activity, a decision that, as Rania affirmed, "was read in a rather confused manner by the markets, which actually continued on their negative trajectory, also because the cut seems to have been made somewhat blindly and without any reliable projections".

Pricing swing

In any case, the other central banks also reacted, even though, up to now, their reaction does not seem to have borne any fruit. "In this market situation, we expect a great deal of volatility in both the equity and corporate credit sectors. For this reason, we are focusing on buying high-quality securities, leaders in their market sectors, where profitability and the growth of profits is protected by less exposure to the economic cycle. Same mentality for bonds, and so high-quality, yields above 3-4%, and companies with an investment grade rating", affirmed Rania.

The asset manager also highlighted the importance of keeping an eye on the **commodities sector**, in particular gold, which is considered a valuable reserve.

For Banor Capital, the watchwords are prudence and diversification, factors that "will allow customer portfolios to maintain and even increase their value, even in complex market situations like the current one", concluded Rania.