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Amundi
ASSET MANAGEMENT

Latest From the Markets

26 May 2020

Overview

- London and New York were both closed for a bank holiday yesterday.
- Asian and European markets managed to close positively, confirming the rotation on sectors most penalized by the pandemic, crisis such as those related to tourism, airlines, airports and hotels.

Economy and Markets Update

The Japanese government announced a new fiscal stimulus plan for an additional \$930 billion, on top of the amount pledged last month, the plan now stands at 40% of Japan's GDP.

There was controversy in the UK, as Prime Minister Boris Johnson defended his close collaborator, Dominic Cummings - main architect of the pro-Brexit campaign in 2016 - leaving London with his Covid-19 positive wife and son during the lockdown to reach his parents' home 400 kilometres away.

On the macroeconomic front, Germany published Q1 GDP data showing a contraction of -1.9% on an annual basis and the May IFO business climate index, which stood at 79.5 compared to 78.3 forecast. The index component linked to expectations was higher than expected with a figure of 80.1 compared to 75 forecast, which fuelled the positivity of the stock markets.

Yesterday's Market Roundup

Positive closures in Asia yesterday with China and Hong Kong recovering by end of day and closing at +0.14% and +0.10% respectively. In Japan the Nikkei 225 index was up by +1.73%, Australia up by 2.16% and South Korea up by +1.2%. India was closed for holidays.

Positive closures for the Eurozone indices. The Eurostoxx50 index closed with an increase of +2.27%. The German Dax led the way with +2.87%, followed by the Spanish Ibex at +2.38% and the French CAC 40 at +2.15%. Italy lagged a little, but the FTSE MIB still managed +1.61%, after the highs seen last Friday.

London and Wall Street were closed for bank holidays yesterday.

The US Treasury market also closed, while yields on the 10-year Bund remained unchanged at -0.49%. The Italian spread with Germany fell slightly to 207 basis points.

In commodities, the price of oil closed up by +1.8% with Brent at \$35.76 per barrel and WTI by +2% at \$33.94 per barrel. Gold fell by -0.3% to \$1,729 an ounce. The US dollar remained almost unchanged against the Euro at 1.0895.

Today's Opening Bell

Very positive openings in Asian markets following statements by Chinese and Japanese central bankers about their intention to continue supporting their economies with further easing measures. The Japanese Nikkei 225 was up +2.7% half an hour to closing, while Australia was up +2.17%. China also rose +0.87% and Hong Kong +2%. South Korea is up by +1.5% and India by +0.84%.

Oil was up, with Brent crude at 36.2 dollars a barrel (+2%) and WTI at 34.4 dollars a barrel (+3.4%). Gold at 1,731 dollars per ounce remained almost unchanged. The US dollar fell slightly against the Euro at 1.092.

European futures were up at +1.15% and those on the US were up by +1.7%, with the S&P 500 index future exceeding the psychological threshold of 3,000 points, which had not been seen since March 5.

IMPORTANT INFORMATION

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