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**Amundi**  
ASSET MANAGEMENT

# Latest From the Markets

15 May 2020

## Overview

Trump's renewed threats to China, together with the cautious forecasts of Fed Chairman Jerome Powell on Wednesday, had a negative impact on global stock markets, which closed sharply down in Asia and Europe. However, the US market was a notable exception, managing to close positively after two negative sessions.

## Economy and Markets Update

Yesterday, in an interview recorded for Fox Business Network, US President Donald Trump attacked China again for not effectively fighting the virus and preventing its spread around the world. In his opinion, this makes the Phase 1 agreement signed in January no longer satisfactory, in apparent contrast to what was reiterated last Friday during the meeting between the trade delegations of the two countries. Trump went even further by saying that he is not currently available to speak with Chinese President Xi Jinping and that the United States could go so far as to sever all ties with China.

The weekly US unemployment benefit applications came in at 2.98 million compared to the 2.5 million expected. The "continued jobless claims", i.e. claims ongoing for at least two weeks, amounted to 22.8 million compared to 25.1 million expected.

The UK Government has reiterated that it does not wish to extend the Brexit transition beyond December and has expressed its objection to any compromise in trade negotiations with the European Union; as a result, the GBP has weakened against both the USD and the Euro.

Industrial production in China for the month of April was published overnight; these figures came in higher than forecast, at +3.9% compared to +1.5% expected, a sign that the gradual reopening is giving its first results. However, the same cannot be said for consumption as retail sales in April showed a drop of -7.5% compared to the expected -7%.

## Yesterday's Market Roundup

Negative closures yesterday in Asia with the Japanese Nikkei 225 down by -1.74% and Australia by -1.7%. China closed down -1.1% and Hong Kong -1.5%. South Korea fell by -0.9% and India by -2.8%. European markets closed down sharply, although recovering from the day's lows, with the Eurostoxx50 index down -1.8%. The German DAX fell -1.95% and the French CAC 40 fell -1.65%. Italy and Spain also fell, with the FTSE MIB down -1.84% and the Ibex down -1.3%. London closed at -2.75%, under pressure by the British government's statements on Brexit. Surprising recovery for Wall Street where the S&P 500 index, after opening down almost -2%, progressively climbed back up and closed on the day's highs at +1.15%.

Yields on the ten-year US Treasury were down to 0.62% (-3 basis points), while those on the ten-year Bund remained almost unchanged at -0.53%. The Italian spread with Germany widened slightly to 238 basis points (+2 bp).

In Commodities, the price of oil rose sharply with Brent crude at 31 dollars a barrel (+5%) and WTI +7.4% to 27.5 dollars a barrel. Gold rose by +0.9% to \$1,730 an ounce. The US dollar strengthened against the Euro at 1.0805.

## Today's Opening Bell

Generally positive openings in Asia this morning after Wall Street's recovery yesterday. The Japanese Nikkei 225 climbed +0.6% and Australia +1.2% half an hour before closing. China is slightly positive at +0.16% and Hong Kong is up +0.6%. South Korea is up by +0.3%, while India is down by -0.9%.

The price of oil rose further, with Brent crude at 31.6 dollars a barrel (+1.5%) and WTI at 27.8 (+0.8%). Gold was stable at 1,730 dollars an ounce. The USD remains unchanged against Euro at 1.0805. European futures recovered by +1.4% and those on the U.S. are positive by +0.2%.

## IMPORTANT INFORMATION

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