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must be earned

Amundi
ASSET MANAGEMENT

Latest From the Markets

29 May 2020

Overview

After a positive day in the Asian and European markets, Wall Street gave up its gains in the final session, closing slightly down due to the growing tensions between the US and China, exacerbated by China's intent on imposing new national security laws in Hong Kong, and President Trump's attack on social media.

Economy and Markets Update

The Chinese Parliament has almost unanimously approved the decision to go ahead with the drafting in the coming weeks of a national security law for Hong Kong, a law that the citizens of the former British colony and many Western countries fear could lead to the end of the regime of freedom and the idea born with the return of the country to China in 1997 of "one country, two systems".

On the macroeconomic front, the Bank of Korea cut official rates by 0.25% to 0.50%, in line with expectations. In Italy, confidence in the manufacturing sector for the month of May was 71.2 compared to 87.2 in April and consumer confidence fell to 94.3 from 100 in April. For the entire Eurozone, economic confidence stood at 67.5 versus 70 expected.

In the US, April durable goods orders were down -17.2% from -19% expected. The ex-transport figure, which is more volatile, was much better than expected at -7.4% compared with the -14% forecast. The second estimate of GDP in the first quarter in the US was revised to -5% compared to the first estimate of -4.8%.

Weekly unemployment benefit applications came to €2.123 million, in line with expectations of €2.1 million. The "continuing claims", those in place for at least two weeks, were much better than expected, 21 million compared to 25.75 million.

Yesterday's Market Roundup

Uneven closures in Asian markets yesterday, with the Japanese Nikkei 225 up by +2.32% and Australia by +1.32%. India also performed well at +1.88%. China and South Korea increased slightly, +0.3% and +0.24% respectively. Hong Kong, on the other hand, is still down with the Hang Seng index at -0.7%.

Positive closings for the fourth consecutive day for the Eurozone indices. The Eurostoxx50 index closed with an increase of +1.42%. Italy led the way with the FTSE MIB up +2.46%. France followed with the CAC 40 at +1.76%, the German DAX at +1.06% and the Spanish Ibex was at +0.69%. London closed up by +1.2%.

Slightly negative closure for the United States as the last hour of trading took a downward turn. The S&P 500 index closed down by -0.21%, but remained above 3,000 points (3,029.73).

Yields on the 10-year US Treasury remained virtually unchanged at 0.695%, as did those on the 10-year Bund at -0.42%. The Italian spread with Germany fell further to 185 basis points (-6 basis points).

In commodities, the price of oil is recovering with Brent crude oil rising by +1.5% to 35.25 dollars a barrel and WTI by +2.5% to 33.6 dollars a barrel. Gold up by +0.5% to \$1,718 an ounce. Further weakening of the US dollar against the Euro at 1.108.

Today's opening bell

Negative openings for Asian markets, concerned about Trump's threats to remove Hong Kong's special nationhood status due to Chinese interference. The Japanese Nikkei 225 fell by -0.25% half an hour to closing, Australia by -0.7%. India down by -0.2%, while Hong Kong dropped further by -0.6%. South Korea and China unchanged.

Oil slightly down with Brent at 35 dollars a barrel (-1%) and WTI at 33.2 (-1.6%). Gold is almost unchanged at \$1,720 an ounce. The US dollar fell slightly against the Euro at 1.109. European futures fell to -1% and US futures to -0.2%.

IMPORTANT INFORMATION

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