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**Amundi**  
ASSET MANAGEMENT

# Latest From the Markets

29 April 2020

## Overview

- Yesterday was a relatively quiet day on the markets, with everyone waiting for the outcome of US and European central bank meetings and more Q1 results.
- While the approaching of "Phase 2" is encouraging, the negative macroeconomic environment and the fear that reopening activities may reignite the pandemic are still keeping markets on edge.

## Economy and Markets Update

Yesterday saw little change in the Asian markets and Europe had a second positive day in a row. The most cyclical sectors and the banking sector are leading the way, thanks to the decision of the European Commission to further ease the constraints on equity capital for banks, softening the adoption of the new accounting and risk criteria, so as to free up more resources for lending to companies. Another supportive element was the start of "Phase 2" in some countries with the gradual reopening of businesses. However, it does appear that in Germany this may have triggered a new wave of contagion.

On the macroeconomic front, consumer confidence in the United States for the month of April was 86.9 compared with 87.9 forecast, but down sharply from 120 in the previous month. This dampened the enthusiasm seen at the start of the trading day in the US, steering its main indices into negative territory by the end of the day. In addition, the technology sector was also down, while waiting for the publication of the quarterly "big" indices that have driven the rise in the last few weeks.

The Federal Reserve meeting began yesterday and is due to end with a statement today at 8 p.m. CET, so markets are on alert waiting to hear the outcome. The extreme volatility that has characterized the oil price in recent weeks continued although there was a recovery at the end of the day that saw the Brent price close positively and the WTI unchanged after a low of almost -20% during the day.

Late last night the rating agency Fitch unexpectedly cut its rating on Italian debt to BBB- only one level above the High Yield segment, but taking the outlook from negative to stable, forecasting a contraction of -8% of GDP this year and a level of public debt/GDP ratio to 156%. The decision was expected by July 10.

## Yesterday's Market Roundup

Closing in recovery compared to yesterday's start for the Asian markets with the Japanese Nikkei 225 index closing almost unchanged at -0.06% as well as Australia at -0.16%. The other main markets were positive with China at +0.7%, Hong Kong and India at +1.2% and South Korea at +0.6%. Second consecutive positive day for European stock exchanges with the Eurostoxx50 index up by +1.73%. The Italian FTSE MIB index rose by +1.7%, the Spanish Ibex by +1.55%, the German DAX by +1.4% and the French CAC by +1.3%. London at +1.9%. Wall Street closed negative, with the S&P 500 index down by -0.5% and a setback for the technology sector, which has driven the rises of recent weeks, with the Nasdaq 100 index that lost -1.8%.

Yields on the 10-year US Treasury fell to 0.61% (-5 basis points) and those on the 10-year Bund also fell slightly to -0.47% (-3 bp). Slight rise in the Italian spread with Germany by 3 basis points to 223 basis points.

In Commodities, after sharply declining at the start of the day, oil recovered by the evening with Brent rising by +2.7% to \$20.54 per barrel and WTI which closed unchanged at \$12.8 per barrel. Gold fell by -0.5% to \$1,705 an ounce. Finally, the USD depreciated slightly against the Euro at 1.0835.

## Today's Opening Bell

Positive openings this morning in Asia on hopes for "Phase 2" and thanks to the rally of oil prices. The Japanese market closed today for a holiday. Australia climbed +1.1% half an hour to closing. China up +0.4% and Hong Kong up +0.2%. South Korea rises +0.8% as well as India.

Oil is recovering with Brent rebounding by +3% to 21.1 dollars a barrel and WTI by +11% to 13.7 dollars a barrel. Gold is recovering slightly at \$1,709 an ounce.

The USD weakened slightly against the Euro at 1.085. European futures increased by +0.5% and US futures by +1.2%.

## IMPORTANT INFORMATION

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