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Amundi
ASSET MANAGEMENT

Latest From the Markets

14 April 2020

Economy and Markets Update

The OPEC+ meeting ended during the Easter weekend with the concession to Mexico to cut only 100,000 barrels per day, instead of the 400,000 initially planned. The overall cut in production by the OPEC+ group will therefore be 9.7 million barrels per day for the months of May and June. The group, made up mainly of OPEC members and Russia, hopes that other countries (primarily the US) will commit to a further reduction of 5 million barrels, although the other G20 members have made no firm commitment yet. General consensus is that the agreed cut is barely sufficient to maintain the price of crude oil at current levels, given that the contraction in consumption estimated in April alone could be as much as 30 million barrels a day.

Otherwise, Easter weekend was low on macroeconomic news except for a forecast from the British Chancellor of the Exchequer, Rishi Sunak, that the UK economy could contract by -30% in the second quarter of this year. Meanwhile, Prime Minister Boris Johnson left hospital after treatment for Covid-19.

In the US, the number of contagions has exceeded 560,000 and the number of deaths 22,000, making it the nation that has had the highest pandemic victims to date. New York Mayor Bill de Blasio said he was confident that they are approaching the peak of contagions, deaths and hospitalizations.

Meanwhile, improvements continue in Italy with the number of casualties on Easter Sunday the lowest since March 18 and a progressive reduction in admissions to intensive care. However, the daily data on new contagions is less clear - testing has increased considerably, thus increasing the number of known infections.

Yesterday's Market Roundup

Asian markets were open on Easter Monday, but closed in negative territory. In Japan the Nikkei 225 lost -2.33%. South Korea and India also closed negative at -1.85% and -1.5% respectively, while China showed a slight decrease at -0.4%. European markets were closed for the Easter holidays.

In the US, the S&P 500 index hit a low in the morning at -2.5%, but markets recovered ground during the day, driven by the Nasdaq which closed positively by +0.5%.

Yields on the 10-year US Treasury rose slightly by 3 basis points to 0.76%.

In Commodities, the price of Brent oil rose by +1.6% to \$32 per barrel, and gold by +1.5% to \$1,715 per ounce.

The US Dollar strengthened slightly against the Euro at 1.0910.

Today's Opening Bell

Asian markets opened positive on the back of encouraging data on China's trade balance in March and reassuring data on the spread of the pandemic. In Japan, the Nikkei 225 index was up by 2.7% and Australia by 1.2% half an hour after closing. South Korea was +1.9%, China +1% and Hong Kong +0.6%. India is closed.

Brent oil remains stable at 32 dollars a barrel and gold at 1,713 dollars an ounce.

The USD is down against the Euro at 1.0940. European futures are shown at +1.7% and those on the United States at +1.5%.

Our View

- After last week's strong market rebound, on Monday the US focused on the start of the results season, the first announcements from banks are due today, with JP Morgan and Wells Fargo leading the way.
- Positive signals from the Technology sector, which closed the beginning of the week on an upward trend.

IMPORTANT INFORMATION

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