

## Overview

- Stock markets showed a positive start to the week thanks to renewed hopes of reopening economies, together with encouraging contagion data in Italy and Spain.
- News related to phase one clinical trials of the vaccine developed by Moderna Inc. further fuelled the positive climate.
- Cyclical sectors, i.e. those most affected by the pandemic crisis, have dragged up European and American listings, with airlines, leisure sector headlines such as hotels and cruises, and discretionary consumption in general pulling the strings, while the winners of the crisis period, on all technology, have shown a setback in terms of at least relative performance.

## Economy and Markets Update

In spite of poor economic data on Monday, the markets focused on the reopening of activities in some countries and the continuation of the oil price rally. In Italy, almost everything has reopened since yesterday, maintaining the social distancing protocol and use of protective devices in closed environments. Gyms will reopen next Monday and cinemas and theatres from mid-June. Only the prohibition to travel outside of one's own region and abroad remains in place until June 3. Greece is also gradually reopening its activities, including tourism, while Spain will delay opening its borders to foreign tourists and visitors until the end of June.

In England, too, many people have begun to move again following the relaxation of certain restrictions by Prime Minister Boris Johnson, while the other countries of the United Kingdom, Scotland, Wales and Northern Ireland continue to maintain more stringent restrictions.

On the health news front, a Nasdaq-listed biotech company announced that its experimental vaccine for Covid-19 has yielded promising results in a preliminary first-stage study, with the vaccine producing antibodies that neutralize the virus, similar to those developed by cured patients. The company expects to conduct a much larger clinical trial by July. Its stock closed up 20% yesterday and has risen 330% since the beginning of the year.

On the macroeconomic front, the only noteworthy figure in the United States was the NAHB (National Association of Home Builders) Housing Market Index which stood at 37 compared to the 35 expected and 30 of the previous month. This index is part of the so-called diffusion indices (such as the famous SMEs) and represents manufacturers' estimates of current conditions and future prospects for individual home sales. In March this index was still above the expansion threshold at 72, today it is still in the contraction area, but compared to April the trend appears to be improving.

In conclusion, stock markets after a difficult week have shown a promising start to the week thanks to renewed hopes of reopening economies, together with encouraging contagion data in Italy and Spain. News related to phase one clinical trials of a vaccine further fuelled the positive climate. Cyclical sectors, i.e. those most affected by the pandemic crisis, have dragged up European and American listings, with airlines, leisure sectors such as hotels and cruises, and discretionary consumption in general pulling the strings, while the winners of the crisis period, on all technology, have shown a setback in terms of at least relative performance.

## Yesterday's Market Roundup

Generally positive closures in Asia after the Wall Street recovery last Friday and the continuation of the oil price rally. The Japanese Nikkei 225 rose +0.48% and Australia +1%. China closed slightly up +0.26%, Hong Kong up +0.6% and South Korea up +0.65%. The only major market to close sharply down was India at -3.44% due to the extended lockdown until the end of May. European markets closed sharply up for the day's highs. The Eurostoxx50 index jumped +5.1%. The German DAX was the best in the Eurozone at +5.67%, followed by the French CAC 40 at +5.16%, the Spanish Ibex at +4.7% and the Italian FTSE MIB at +3.26%, penalized however by the dividend detachment of some important stocks in the index. London closed with an increase of +4.3%. Wall Street also closed very positively with the S&P 500 index up by +3.15% and the small and medium capitalization index, the Russell 2000, up by +6.1%. Yields on the ten-year US Treasury rose to 0.724% (+8.4 basis points) as did those on the ten-year Bund to -0.47% (+6 basis points). Decisive narrowing of the Italian spread with Germany to 216 basis points (-25 bp). As far as commodities are concerned, the price of oil closed with Brent at 35.6 dollars per barrel (+9.5%) and WTI at 32.8 dollars per barrel (+11.5%). Gold adjusted by -0.6% to \$1,730 an ounce. The US dollar fell sharply against the Euro at 1.0915.

## Today's Opening Bell

Very positive openings in Asia this morning with the Japanese Nikkei 225 up by +2% and Australia by +2.05% half an hour after closing. China is positive by +0.7% and Hong Kong up by +2%. South Korea is up by +2.43% and India by +2.13%. There was little change in the price of oil with Brent oil at 35 dollars a barrel and WTI at 32.55. Gold recovered slightly at 1,735 dollars an ounce. The US dollar remained almost unchanged against the Euro at 1.0910. European futures rose slightly further to +0.25% and those on the euro remained unchanged.

## IMPORTANT INFORMATION

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