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Amundi
ASSET MANAGEMENT

Latest From the Markets

23 April 2020

Economy and Markets Update

Yesterday saw extreme volatility on the oil market, with the Brent and WTI futures in free-fall in the early morning, between -15% and -20%, and then recovering during the day, to close at +8.6% for Brent and +23% for WTI. This volatility was positive for the stock markets, after they were strongly impacted by the collapse of crude oil earlier this week.

In Italy, industrial orders data for February was published, showing a decrease of -4.4% month-on-month compared to +1.5% in January. We expect the figures for March will be much worse, given the almost total closure of production activities. In the Eurozone, the flash index for April on consumer confidence was published, as expected, down sharply to -22.7 compared to the expected -19.6.

In the US, the slow reopening of some states is continuing, particularly southern states such as Georgia, South Carolina and Tennessee; Texas has also announced they will begin to phase out restrictions. These decisions, all from Republican-ruled states, have been welcomed by President Trump, but there has been a lot of criticism from health experts and citizens who fear that these decisions have been made too hastily and the virus may continue to spread.

Yesterday's Market Roundup

After a negative opening, the Asian markets managed to recover in the final session. The Japanese Nikkei 225 index halved its closing losses to -0.74% and Australia closed unchanged. On the positive side, China closed with the CSI 300 index at +0.8%, Hong Kong at +0.4%, South Korea at +0.9% and India at +2.4%.

European markets closed positively with the Eurostoxx50 index up by +1.56%. The German DAX rose by +1.6%, the French CAC 40 by +1.25%, the Italian market by +1.9% and the Spanish Ibex by +1.3%. London performed best with +2.2%.

Wall Street also closed positively with the S&P 500 index up by +2.3% and the Nasdaq 100 up by +3.1%. The rise in oil and technology was driven by the rebound in oil prices and encouraging results for some technology companies.

Yields on the 10-year US Treasury rose to 0.62% (+5 basis points) and on the 10-year Bund to -0.41% (+6pb). The Italian spread versus Germany recovered by 17 basis points to 248 basis points pending today's European Council.

In Commodities, as mentioned, the price of oil is recovering, with Brent up by +8.6% at 21 dollars a barrel and WTI up by 23% at 14.2 dollars a barrel. Gold resumed its upward rush with +1.6% at \$1,713 an ounce. The USD has gained a little against the Euro at 1.0820.

Today's Opening Bell

Mostly positive openings this morning in Asia, with the Japanese Nikkei 225 index up by +1.2%, but with Australia down by -0.36% half an hour before closing. Hong Kong up by +0.6%, South Korea by +1.1% and India by +0.9%. In China, the CSI 300 index is almost unchanged.

The recovery of oil continues with Brent up 7% to \$22.25 per barrel and WTI up 10% to \$15.2 per barrel. Gold fell slightly to USD 1,712 an ounce. The USD is almost unchanged against the Euro at 1.0825. European futures are up by +0.40% and US futures by +0.15%.

Our View:

- After Tuesday's slide, the stock markets recovered partly thanks to the rebound in oil prices and encouraging quarterly results in the US for some technology companies and some restaurant chains which, having converted their business model to home deliveries, recorded strong increases in turnover.
- April data on SME indices in Europe and the United States are expected today. The European Council is due to be held today with the Eurogroup's proposals on EU measures to tackle the crisis on the agenda.

IMPORTANT INFORMATION

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