

**Thursday 14.05.2020****Asian Session**

Asian stocks market fell along with US equities today after the head of Fed warned of a “significantly worse US recession than any downturn since the World War Two”, due to pandemic fallout, sentiments that led bonds higher. Hong Kong index futures slipped by 0.92%, while Japan index futures jumped by 0.05% and Australia’s index fell by 1.07%. MSCI’s broadest index of Asia-Pacific shares outside Japan rose 1.09 points or 0.23 percent, to 471.99.

<b>Asian Stock</b>	<b>Closed</b>
Nikkei	+0.05%
Hong Kong HSI	-0.92%
China Shanghai SSE	-0.96%
KOSPI – South Korea	-0.8%

**US Stocks**

US stock market plunged for a second straight session yesterday after the Fed highlighted the risks associated after the pandemic shutdowns. Many analysts expect another big drop in stock market, before we see a significant recovery. Dow Jones index sank by 2.2% or more than 500 points to 23250, while SP500 fell by 1.8% to 2820 and Nasdaq Composite index went down by 1.6%. Jerome Powell warned that exist economic uncertainty and US need to spend beyond the nearly \$3 trillion package.

<b>US Stocks</b>	<b>Closed</b>
DOW	-2.2%
S&P500	-1.8%
NASDAQ	-1.6%

**Major Currencies & Dollar Index**

EURUSD has been on the back foot after Fed chief rejected negative rates. All eyes today turn to ECB tensions and US Jobless Claims report. Jobless claims may show an increase of 2.5 million of unemployed people. The pair is currently traded at 1.081 and its expected to fall further towards 1.0785. Pound GDP yesterday was greater than expected as a result pound went slightly higher against dollar, however after the Fed announcement of rejecting negative rates pound fell to the price range of 1.217. During the first quarter UK economy contracted by 2%. We may see further drop to the downside at 1.21, otherwise resistance can be found at 1.23 in short term. FX Strategists at UOB suggested that USDJPY needs to clear the 107.8 level to see further upside movements. Dollar yen closed the day yesterday at 107 price level. Support levels remain at 106.6 and resistance levels at 107.3.

## **Gold Market & Treasuries**

Gold prices rallied as the US Federal Reserve warned for more spending and said for additional fiscal support could be costly but worth it. That situation pushed investors further into safe heaven assets like gold. The yellow metal now is traded at 1715 price level and remained well enough above the psychological level of 1700. Global bonds rallied with yields on Treasury bonds subsequently falling which also increased the attractiveness of gold. Yields on benchmark U.S. Treasury 10-year notes last fell 1/32 in price to yield 0.6525per cent, from 0.651per cent.

## **Oil Market**

Oil prices could go negative again as CFTC warns futures industry. CFTC warns the exchanges that is possible to observe again negative prices for the June contract expiry on May 19, although that futures prices rose since the last expiry contract. Oil inventories declined by 3 million barrels last week according to Energy Information Administration in US yesterday and fell overall to 62.4 million barrels. WTI is currently traded at \$28 per barrel and according to CME open interest went up by more than 45K contracts yesterday.

## **European Stocks**

European stocks plunged at the open today, with Stoxx600 index -0.85%, falling after a rough Wall Street session following the grim outlook from Federal Reserve Chairman Jerome Powell.

## **On the data front 14-05-2020**

<b>Time (GMT+2)</b>	<b>Event</b>	<b>Impact</b>
09:00 am	EUR Harmonized Index of Consumer Prices (YoY (Apr))	High
11:00 am	EUR Economic Bulletin	Medium
15:30 pm	USD Initial Jobless Claims (May 8)	High
18:00 pm	EUR ECB's De Guindos speech	Medium
18:30 pm	USD Fed's Kashkari speech	Medium