13-04-2020

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US markets - US stock indexes closed even higher during last week, on optimism about a slowdown in new coronavirus infections, despite that the previous weeks the government reported a record number of layoffs sweeping the economy and that was the best recover since 24 of March, however New York's governor noted that restrictions should not change. Congress approved last week, the allocation of an additional $600 billion aid a week for unemployed workers as part of a $ 2.3 trillion bailout package signed by President Donald Trump. In general stocks moved to the upside amid hopes that FOMC news would give more support and the potential for earlier than expected rollback of measures to mitigate the pandemic, however FOMC news and Jerome Powell speech did not provide confidence to the market and was noted that Fed will continue its policy to aid the economy until a recovery exists. Central Bank announced measures of providing another 2.3 million as further aid to help businesses and confront the virus in order to boost the economy, however this made the dollar weaker. This happened along with the initial jobless claims whose data showed surged for third week and, as Jerome Powell said, US will provide as much relief they can in order to achieve a recovery. March jobs report came in worse than what was expected. The US dollar index holds the lower ground at 99.45, breaking the 100 level and its down -0.07% so far after Fed announcement of an extra 2.3 trillion stimulus package. Additionally, the drop was caused also by the initial jobless claims which rose by 6.6 million surpassing estimates, and all eyes now turn to US Retail sales which have decreased since latest report.

Asian and European Markets - Global markets rose previous week as investors looked to signs that the outbreak is peaking in some of the world's worst-hit places, and Asia stocks rose on coronavirus hope as oil prices drop. China announced there are no new deaths and the Hong Kong index rose sharply. Japan's prime minister announced a 108 trillion-yen package to support small businesses. As Beijing announced, will set up new pilot zones for cross-border e-commerce, commodity management, to stabilize foreign trade and investment in order to overcome the effects of its pandemic, according to what was decided at a meeting of the State Council lats week. Investors were focused on a positive data about the pandemic outbreak's track, and were expecting the virus to begin slowdown, however Japan's Central Bank's governor noted that that the economy faces extremely high uncertainty over the likely impact of the pandemic. Stocks in Asia session declined on Monday afternoon trade as the Organization of the Petroleum Exporting Countries and its allies reached an agreement on a record oil production cut, with japan index falling by 2%.

European Markets - European market also recovered as death rates slow in Spain, Italy and New York. That's giving markets hope that the lockdown measures are finally starting to prove effective. Europe needs debt mutualization and a common Marshall plan (Recovery Program) to recover from the coronavirus pandemic, Spanish Prime Minister Pedro Sanchez said previous week. Important role for European economy had the EU Finance Ministers meeting last week who failed to reach an agreement during the first meeting. The big European economies worry that the suggested eurobond strategy will force them to take over the small countries debts. The Commission suggested the gradual easing of measures to reduce social and economic activity. The output from the second meeting of the EU Finance Ministers showed that they found finally an agreement to take measures to help the economy. They agreed to provide 540 billion euro package, and this pushed the European Stoxx600 index higher and closed by 1.6%. The Eurogroup also agreed that there should be a second package of measures of

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another 500 billion when the pandemic is addressed, so that the European economies can recover, which will enter a major recession this year.

Gold and Treasuries - As long as stocks market are recovering, gold may go higher, a fact that shows that is opposite to the traditional gold reaction where the gold is going up when dollar become weaker. Gold recovery was enhanced also from US jobless claims last week which showed very negative unemployment number. The prospect of more stimulus on us stocks aid gold is expected now to go higher. The precious metal is in demand and its recent jump was caused since equities posted gains on signs the outbreak is levelling off. Gold prices moved in sideways before the FOMC news of last week and was traded around 1640 and 1660 levels. After FOMC meeting nothing was changed at all, as they announced that they will provide as much economic relief as they can, until recovery exists. After the Fed announcement of the 2.3 extra relief package previous week, gold prices rose sharply by 2.5% to their highest level in a month and, as Reuters reported, spot gold rose to 1686 per troy ounce reaching earlier 1690 per ounce. It's expected to see gold prices moving higher while dollar weaken and as bonds yields commence declining, after the 10-year Treasury note yield, which rose by 8.8 basis points to 0.675% of the beginning of last week amid hopes that virus is slowdown. The next resistance level now for gold is at 1705 level which opens the door to 1800 historic record level. The yield on 10-year Treasuries fell five basis points to 0.72% later week.

Oil Market - Investors were pessimistic about whether a resolution to the price war between Saudi Arabia and Russia would really be achieved for last week's meeting. Last week's meeting followed a suggestion by US President Donald Trump that massive production cuts could be on the way and calls from Saudi Arabia for an urgent effort to restore balance to the oil market. It was known that even tough Russia and Saudi Arabia cut oil production, this will not be enough to offset the lack of demand which was caused by the virus. Earlier on the OPEC meeting last week we observed oil prices increasing as they were expecting some correction to the upside. Finally, OPEC meeting had a positive output for oil production. They both agreed to cut by around 10% to counter the slump in demand. They will cut 10 million barrels a day or 10% of global supplies, however this can be not enough to aid oil prices and it's expected to see another 5 million cut by other nations and members of OPEC as well. Oil price did not react so well after the meeting and closed the day lower to $23 per barrel after it reached $27 from $26 during news. As long as virus spread appear it's hard to see oil going up soon. This week began with higher oil prices, taking into consideration the historic oil cut production of last week.

Currencies - Amid reports that the UK Prime Minister Boris Johnson was admitted to hospital for some coronavirus-linked precautionary tests combined with persisting broad US dollar weakness, pound dollar commenced short recovering last week, however pound became weaker later. Pound appreciated against the Dollar, Euro, Japanese Yen and Swiss Franc last week but granted ground to riskier rivals like the Aussie and New Zealand Dollars as the mood among investors brightened in response to signs of a slowdown in momentum behind the coronavirus. Strong recovery in US treasury yields, FOMC, Fed's Powell speech and Japan trillion stimulus package, caused dollar to be weaker against yen, which appreciated against dollar for the fourth consecutive day. After initial jobless claims disappointment report there was a selling interest around greenback against the major currencies. Euro dollar was neutral last week, waiting the announcement from the Eurogroup decision for a possible stimulus package. Later on the week euro dollar was traded close to 1.095 amid US negative news and due to that Eurogroup meeting finally agreed to provide a half trillion package. It's expected to see euro find

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resistance at 1.102 during the week. Aussie dollar remained weaker after China's March Consumer Price Index dropped as the inflation increased in the country. Australia is China's sixth largest trading partner, fifth biggest supplier of imports and its tenth biggest customer for exports. The Canadian Dollar looks like it might come back under pressure with crude oil after the OPEC deal disappointed markets, however the pair is appreciated against dollar by 1.5%

Expectations:

- The US economy could gradually restart from May, White House Infectious Diseases Director Anthony Faucci said
- On Tuesday, April 14, the International Monetary Fund will release a new World Economic Outlook report with the latest growth forecasts for the global economy and for countries which will play a significant role and cause market volatility.

Weekly News 13-04-2020 – 17-04-2020

Time	Event	Impact
13-04 N/A	CNY FDI - Foreign Direct Investment (YoY)(Mar)	Medium
13-04 N/A	NZD REINZ House Price Index (MoM)(Mar)	Medium
14-04 N/A	CNY Exports (YoY) CNY(Mar)	Medium
14-04 N/A	CNY Imports (YoY) CNY(Mar)	Medium
15-04 12:30 pm	USD Retail Sales Control Group (Mar)	High
15-04 12:30 pm	USD Retail Sales (MoM)(Mar)	Medium
15-04 14:00 pm	CAD BoC Rate Statement	High
15-04 14:00 pm	CAD Bank of Canada Monetary Policy Report	High
16-04 01:30 am	AUD Employment Change s.a. (Mar)	High
16-04 01:30 am	AUD Unemployment Rate s.a. (Mar)	High
16-04 06:30 am	EUR Harmonized Index of Consumers (YoY)(Mar)	High
16-04 12:30 pm	USD Building Permits (MoM)(Mar)	Medium
17-04 12:30 pm	USD Initial Jobless Claims (Apr 10)	High
17-04 02:00 am	CNY Gross Domestic Product (YoY)(Q1)	High
17-04 02:00 am	CNY Gross Domestic Product (QoQ)(Q1)	High
17-04 09:00 am	EUR Consumer Price Index (YoY)(Mar)	High

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