

Thursday 21.05.2020

### **Asian Session**

Asian shares also dipped today along with US equities, after Wall Street rose yesterday, despite the trade tensions between US, China, and Australia. Interesting is that US senate passed a bill that may bar some Chinese stocks and delisted them from American exchanges. Investors are looking ahead of Friday's meeting of China's legislature for new measures to stimulate its virus battered economy. Shanghai index gained 0.1%, while Japan index declined by 0.1% and Hong Kong index remain flat declining by 0.05% and South Korea's Kospi index gained 0.5%.

<b>Asian Stock</b>	<b>Closed</b>
Nikkei	-0.1%
Hong Kong HSI	-0.05%
China Shanghai SSE	+0.1%
KOSPI – South Korea	+0.5%

### **US Stocks**

US stock market rebounded from the early losses yesterday and closed the day positively, as investors continue to be hopeful about the reopening of the economy. Dow Jones index finished the day yesterday higher by 1.5%, while SP500 closed even higher by 1.7% the highest level since March and Nasdaq index went up by 2.1%. The US stock market began today lower declining by almost 1%.

<b>US Stocks</b>	<b>Closed</b>
DOW	+1.5%
S&P500	+1.7%
NASDAQ	-1%

### **Major Currencies & Dollar Index**

EURUSD it was expected to reach 1.10 after yesterday FOMC news, however this could be achieved later today after the US data output. The jobless claims weekly report it is expected to announced today around 2.35 million unemployed people with overall unemployment rate reaching nearly 40 million people. This should be aid euro reach 1.10 level again. The pair is traded at 1.096 and sustained constantly above 1.09 psychological level. GBPUSD is currently traded at 1.22 price level and all eyes turn to today UK PMI news and its expected to see some recovery in the private sector activity. We expect to see further drop on the pair at 1.21 price range and beyond to 1.20 as the pair remains vulnerable as the downside in the spot price can be mainly attributed to the BoE Governor Andrew Bailey's take on the negative interest rates. Bank of Japan is going to announce detailed cashflow support measures and we see USDJPY rising before the meeting, currently at 107.7. The BoJ's do not expect to proceed with deeper negative rates and it is expanded corporate financial support is a positive.

## **Gold Market**

Gold prices settled higher yesterday for second day in a row, as economic stimulus measures led gold go even higher against the backdrop of economies attempting to reopen their economies, as they suffered big huge damages. Gold higher prices also affected positively after the FOMC meeting yesterday with Fed officials noted that will be more explicit about the future path of interest rates. If we see negative rates gold should go even higher and reach 1800 price level soon. Gold June futures rose by 0.4% at \$1752. Today we saw a pullback and gold now is traded at 1737 with next support level be around 1728.

## **Oil Market**

The Energy Information Administration reported yesterday a 5-million-barrel weekly fall on US crude inventories, greater than expected and forced oil go even higher. Oil futures jumped yesterday and finished the day at their highest level in about 10 weeks. After reaching negative pricing of about minus 37 last month futures expiry, we observed a solid recovery back towards \$34. Oil could edge higher with economies easing lockdown measures. WTI went up yesterday by 1.8% at \$33.5 per barrel, while Brent rose by 1.5% at \$35.75 per barrel. The next price target is at \$40 per barrel and it is a matter of time to see that.

## **European Stocks**

European stocks began the day lower today ahead of PMI data output today with the pan-European Stoxx600 index falling by 0.9% at the beginning of the day.

## **On the data front 21-05-2020**

<b>Time (GMT+3)</b>	<b>Event</b>	<b>Impact</b>
10:30 am	EUR Markit Manufacturing PMI (May)	High
11:30 am	GBP Markit Services PMI (May)	High
15:30 pm	USD Initial Jobless Claims (May 15)	High
21:30 pm	USD Fed's Chair Powell speech	High