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US markets – Stocks began higher last week amid expectations for an economic recovery after the economy reopening, despite that more than 20 million Americans lost their jobs last month. Stock market closed the week negatively as the recovery will be slower than expected. Goldman's Sachs prediction for the SP500 reflects an 18% downside in three months target, a huge plunge in stock market before recover to normal levels. The Senators warned that if economy reopens, a new coronavirus outbreak will appear despite that economy will recover sooner, and many analysts expect another big drop in stock market, before we see a significant recovery. The Chairman of the Fed Jerome Powell warned that economic uncertainty exist and United States needs to spend beyond the nearly $3 trillion package. Negative data came out once again from Initial Jobless claims report which showed another 2.9 million people who lost their jobs on the first week of May, with overall unemployment reaching 36.55 million due to the pandemic. Many analysts said the historic stimulus efforts from Central Banks will not be enough to ensure a rapid rebound.

Asian Market – At the beginning of the last week Asian stocks rose alongside with American stocks as investors looked ahead that more countries are trying to restart their economies, however South Korea has warned a second possible wave of coronavirus as infections rebounded. The People's Bank of China announced that it would decrease the lending rates and support the economy further, as a result investors sentiment strengthened, however Chinese inflation data for April showed that consumer price index rose by 3.3% year on year, lower than expected. The stocks closed the week lower along with US stocks and market fell after the head of Fed warned of a "significantly worse US recession than any downturn since the World War Two", due to pandemic fallout, which led bonds higher. The stocks were traded higher at the beginning of this week along with US stock market as the Chairman of the Fed is optimistic about the economy, and this has encouraged investors that there are signs of business reopening across major economies. However, Japan economy shrank by an annualized rate of 3.4% in the first quarter of 2020 as its government announced today.

European Markets - European stocks jumped previous days tracking gains from US equities future markets and the rise was caused by new talks between US and China about their trade deals, however investors are worrying ahead of a second wave of coronavirus cases. European stocks rebounded somehow last week but finally closed the week lower. The EU-German conflict was closely followed ahead of previous week about how the ECB would adjust the size of the virus emergency purchase program. The virus slowed down to 1.8% from 2.9% in Eurozone, but there exist sell pressure in stock market. At the beginning of this week European stocks rose, with investors hoping for a gradual economic recovery as many countries ease the lockdown. The pan-European STOXX 600 index rose 1.8%. In 2019, 2.1% of employees in the European Union aged 20-64 worked through temporary employment services, according to data released today by Eurostat. At EU level, this represented 2.5% of employed men aged 20-64 and a slightly lower percentage of working women (1.7%). At the regional level, this form of employment was more common in the Northern Netherlands with 6.6%. This area includes the provinces of Groningen, Friesland, and Drenthe. It was followed by Bremen in Germany (5.3%) and three regions in Spain: Eastern, North western and North-eastern Spain (all 5.1%). At the other end of the scale, the region, which includes the Italian

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islands of Sardinia and Sicily, recorded the lowest percentage of workers employed in this way (0.2%) in all EU regions with available data.

Gold Market - Gold finally broke well above the symmetrical triangle consolidation pattern and reached the 1750 level. The precious metal has robust support and the multi-year high is already in sight. The level of 1722 could be strong support level for gold, and we may see further gains to upside to 1800. Previous days gold price somehow reacted well after US bad data came out during NFP report, and finally brake slightly above the symmetrical triangle in the daily timeframe and reached the 1720 price level, however sellers came in and sent the price back to 1700. Gold price found it difficult to sustain in bullish momentum significantly above 1700 level at the beginning of last week as investors preferred dollar over gold. Almost a month has gone, and gold price struggled to continue the bullish trend and it was expected that the US CPI data was unlikely to aid gold move higher as inflation does not exist yet, but the data finally aid gold go even higher. Mining production fell 3 per cent year-on-year in the first quarter, the lowest since 2015, as per data from the World Gold Council. If trade wars worsen and if the central bankers want to further diversify away from the US dollar, the demand for gold may go up, thus pushing up prices. Gold prices rallied during the previous week as the US Federal Reserve warned for more spending and said that additional fiscal support could be costly but worth it. Spot gold was up by 1.1% this week at 1760 price level after rising to its highest level since October of 2012. Gold futures market advanced higher by 0.8% to 1770 price level. Gold went up today by 1% as US data punctuated how badly is the economy damaged in the country and the recovery is going to be slower than was expected the previous days. We expect gold price to reach the 1800 price level very soon.

Oil Market – Oil prices began weaker at the start of previous week amid concerns of oversupply, caused by the pandemic. Goldman Sachs still concerns that demand will continue to be weaker until the end of the year. Analysts were expecting next important key level for oil prices to be around $30 per barrel but for short term period, something that was done at the beginning of this week as there exist a balance in demand. Oil prices did what it is called whipsawed, where the market aim to increase significantly to one direction and at the same time return to the opposite side. That happened during last week as Saudi Arabia announced to cut another 1 million barrels production per day reducing its total output to 7.5 million in June to balance the supply and demand. That caused Brent price to rise by 5%, but those gains disappeared as Brent fell later by 4.3% at $29.6 some hours after the announcement. For many analysts, the worst is over, and the demand normalization is ahead. The American Petroleum Institute (API) estimation about crude oil inventories last week increased about 7.58 million barrels even as many US states began reopening. 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 at the first week of May according to Energy Information Administration in US and fell overall to 62.4 million barrels while Oil exports fell by 5.96 million barrels per day in May. CME have taken all the steps to reduce as much open volume as it can ahead WTI June contract's expiry for May 19. According to analysts it is possible to see again negative price, but in the other hand this may not happen as OPEC production decreased a lot and the demand is recovering. Brent was up by 3.7% at $33.7 per barrel and WTI rose by 4.3% at $30.7 per barrel. Saudi Arabia announced that it would cut another 1 million barrels per day in June. Energy giants Total SA, BP and Royal Dutch Shell rose nearly 4% as oil prices rose more than a dollar a barrel, thanks to declining production and signs of a gradual increase in demand.

Foreign Currencies - Jerome Powell said it was not ruled out that the unemployment rate would drop between 20% and 25% in the near future and that the fall in GDP in the second quarter would even reach "20% and 30%", which could become "easy", as he warned. However, he predicted that the US economy would recover "relatively soon", provided that there will be a vaccine and confidence building. Euro dollar has been on the back foot after Fed chief rejected negative rates last week. All eyes were turned to ECB tensions and US Jobless Claims report last week and finally the pair remained above the 1.08 price level. Given that European dysfunction exists, with high rates of unemployment and the disagreements about debt pooling, can lead Euro go even lower against dollar to almost 1.05 price level in 3 months period, an analyst said. US and China trade tensions may weigh heavily on the euro. We expected further drop to the pound as they expect their GDP to drop dramatically this year. Boris Johnson announced a minor easing of the lockdown last week and that caused the inaction of pound to go higher while UK GDP announcement for year over year and quarter over quarter was greater than expected to minus 1.6% and minus 2% respectively which caused the pound to move slightly higher against dollar, however after the Fed announcement of rejecting negative rates, pound fell to the price range of 1.217 and closed the week even lower. GBPUSD is currently trading in one month low at 1.21 this week and may go towards 1.20 price range soon. The pair is near 50% retracement since March. Minor psychological level remains at 1.20 amid UK government's issues with dealing with the coronavirus. USDJPY indicates that we may observe further downside pressure if the Elliott wave pattern become correct. The fears about second wave of pandemic infections weighed a lot on investors sentiment. We do not expect further gains on USDJPY as there is a lack of momentum as FX Strategist at UOB Group noted. USD surged to 107.7 this week against yen and traders should keep an eye for any US and China trade news. FX Strategists at UOB suggested that USDJPY needs to clear the 107.8 level to see further upside movements. USDCAD began this week lower as it was expected as oil prices rises further beyond $30 per barrel. The pair is traded at 1.408 and its down 0.18% for the day. Next resistance level is at 1.417 and support level now became at 1.404.

Weekly News 18-05-2020 – 22-05-2020

Time (GMT+2)	Event	Impact
18.05 02:50 am	JPY Gross Domestic Product (QoQ) (Q1)	High
18.05 03:00 am	EUR Eurogroup Meeting	Medium
19.05 04:30 am	AUD RBA Meeting Minutes	High
19.05 09:00 am	GBP ILO Unemployment Rate (3M) (Mar)	High
19.05 10:00 am	EUR EcoFin Meeting	Medium
19.05 17:00 pm	USD Fed's Chair Powell testifies	High
20.05 04:30 am	CNY Interest Rate Decision	High
20.05 09:00 am	GBP Consumer Price Index (YoY) (Apr)	High
20.05 15:30 pm	CAD BoC Consumer Price Index Core (YoY) (Apr)	High
20.05 17:30 pm	USD EIA Crude Oil Stocks Change (May 15)	High
20.05 21:00 pm	USD FOMC Minutes	High
21.05 05:30 am	AUD RBA's Governor Lowe speech	High
21.05 11:00 am	EUR –Markit PMI Composite (May)	High
21.05 11:30 am	GBP Markit Services PMI (May)	High
21.05 15:30 pm	USD Initial Jobless Claims (May 15)	High
21.05 21:30 pm	USD Fed's Chair Powell speech	High
22.05 09:00 am	GBP Retail Sales (YoY) (Apr)	Medium
22.05 14:30 pm	EUR ECB Monetary Policy Meeting Accounts	High
22.05 15:30 pm	CAD Retail Sales (MoM) (Mar)	High

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