25-05-2020

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US markets – The US stock futures market opened higher at the beginning of last week as Jerome Powell, the chairman of the Federal Reserve, noted that Americans need to expect subsequently a tough road ahead of the virus, but he noted that he would not bet against the domestic economy's ability. Stock market commenced declining after the testify speech from Jerome Powell for the US monetary policy of about the $2 trillion relief package, which was going to aid small businesses before the Senate Banking Committee announcement. Despite the recent US and China tensions, stock market closed even higher last week amid hopes of economy reopening, however, given the fact that Donald Trump persist to accuse China about the virus outbreak, stock market could remain vulnerable. US stock market also declined after the Initial Jobless Claims report of last week's which announced another 2.4 million people who lost their jobs. Us stocks on futures market slightly rose late Sunday amid increasing tensions between US and China. Investors are focusing on how US and global economies will reopen their economies, but stock market was affected a lot from US China tensions, as the US may sanction China if a bill approved.0.53%, as China announced that will proceed with new national security law to limit the autonomy.

Asian Market – European Markets – Asian shares also began higher last week along with US stock market as the Chairman of the Fed was optimistic about the economy, and that has encouraged investors that there are signs of business reopening across major economies. Asian stock markets also rose as US drug firms last week have said that the experimental vaccine shows promising results and boost economies recovering. During the week, the People's Bank of China left its lending rate unchanged as it was expected. Asian shares have slid after China announced that will impose a national security law on Hong Kong and this created even more tensions between China and US. Alongside, Chinese leaders announced that they will increase government spending to battle the economy. Asian stock market lost early gains at the beginning of this week amid souring relations between China and US. Hong Kong stocks extending losses on mounting fears about future stability. Hong Kong index dropped by 1.4% today after the massive plunge on Friday by 5.5%. Japan's index jumped by 1.5% as it announced that a new stimulus package of 925 billion dollars is on the way to confront the virus. European stocks jumped higher previous days as signs of recovery in China aid to boost sentiment, but the peaks became later limited on signs of fresh trade tensions between US and China. European stocks continue to the upside as data showed that the coronavirus cases are growing at the lowest rate, while Fed Chairman Jerome Powell said that US central bank has plenty of ammunition to fight against the virus. European markets, supported also by the EU recovery fund worth 500 billion, which was announced by Angela Merkel and French President Macron last days, but finally stock market closed the week negatively.

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Gold Market - Massive break out for gold price since the end of the last two week. Spot gold last week was up by 1.1% 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 began the last week higher, as US data punctuated how badly is the economy damaged in the country and the recovery is going to be slower than was expected. After the massive upside break out from the one-month triangle pattern to 1760 price level, we saw a pullback on gold prices. And it was around 1727 price level. If there is a weak economic data and the dollar weakens, gold price will continue rising. The yellow metal rose after last week's Fed Chair Powell's bearish comments. He warned that the current downturn is significantly worse than any recession since the World War 2 and Gold price retested again the 1750 price level after the announcement. Gold higher prices also affected positively after the FOMC meeting 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 closed higher on Friday and the yellow metal was mainly driven by the European trader's reaction to the escalation in the US and China tensions. Is not much unlikely to see gold retesting again the $1675 price level, in the near term. Citibank expects that gold may fall back again between 1600-1700 price range and then will skyrocket to $2000 per ounce. Resistance level remains at $1800 with support at 1682-1720 and, according CME Group, a lower open interest in gold futures market was observed last Friday by around 2.5k contracts.

Oil Market – CME have taken all the steps the previous week to reduce as much open volume as it can ahead WTI June contract's expiry. According to analysts, it was possible to see again negative pricing, but in the other hand this might not happen as OPEC production decreased a lot and the demand is recovering. Saudi Arabia announced that it would cut another 1 million barrels per day in June. Oil prices jumped by 8% ahead of June contracts expiry. The supply and demand rebalanced the last weeks and it seems that the market favours the bulls. Oil prices continued higher during the week amid signs of higher demand and a drawdown in US crude oil inventories, as the American Petroleum Institute announced minus 4.8 million to 521.3 million barrels in the week to May 15, less than expected. 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. The next price target is at $40 per barrel and it is a matter of time to see that. During this month, futures contracts climbed 80% on WTI. OPEC members have cut oil exports by 6 million per day and that was very supportive for the prices. A part of oil's gains dropped sharply on Friday as US and China tensions are worsening. As per analyst's prediction, despite that oil prices have climbed since late April, gains could be coming to an end, despite that China's oil demand has climbed by 13 million barrels per day.

Foreign Currencies - Given that European dysfunction exists, with high rates of unemployment and the disagreements about debt pooling, this can lead Euro go even lower against dollar to almost 1.05 price level in 3 months period, as analysts said. US and China trade tensions may weigh heavily on the euro. After last week's European and US data outputs, euro appreciated against dollar and closed the week above 1.09 price level. There is an optimism about anti coronavirus vaccine which negates the US China tensions, therefore there is no haven demand for US dollar and that is helping the euro go even higher, along with the Jerome Powell announcement that will keep interest rates near zero. Euro may lose major value after the recent German court ruling against purchases of sovereign debt under the ECB's QE program, and this could limit any serious recovery in the currency. GBPUSD is trying to recover for second week in a row. The pair plunged by more than 400 pips the last three weeks amid UK government's issues in dealing with the coronavirus. UK economy is likely to face the deepest recession in centuries due to the virus and BoE does not intend to apply negatives rates yet. GBPUSD began the week below 1.21 price level, as investors continue speculating about the Bank of England setting negative interest rates and Boris Johnson is under pressure after his senior adviser violated the lockdown, however, as there is an optimism that global economies will reopen soon, pound will more likely go to the upside. The lack of momentum at the beginning of previous week on USDJPY did not create any expectations about any further gains for the pair according to FX Strategist at UOB Group. Bank of Japan was about to announce detailed cashflow support measures last week and we saw USDJPY rising before the meeting, at 107.7. The BoJ's is not expected to proceed with further negative rates, and the corporate financial support is expanded positively. The Bank of Japan launched a new lending program but refrained to change its policy rate or pace of asset purchases. USDJPY began this week at 107.7, 0.08% higher. We expect yen to appreciate in short term as Japan announced another stimulus package of 925 billion dollars. Immediate resistance remains at 108.1 price level.

Weekly News 25-05-2020 – 29-05-2020

Time (GMT+2)	Event	Impact
25.05 09:00 am	EUR Gross Domestic Product (YoY)(Q1)	Medium
25.05 20:30 pm	CAD BoC's Governor Poloz speech	High
26.05 09:00 am	EUR Gfk Consumer Confidence Survey (Jun)	Medium
26.05 15:45 pm	EUR ECB's Lane speech	Medium
27.05 00:00 pm	CAD BoC's Governor Poloz speech	High
27.05 10:30 am	EUR ECB's President Lagarde speech	High
27.05 11:30 am	EUR EU Financial Stability Review	Medium
27.05 12:30 pm	EUR ECB's De Guindos speech	Medium
27.05 21:00 pm	USD Fed's Beige Book	Medium
28.05 15:00 pm	EUR Harmonized Index of Consumer Prices (YoY)(May)	High
28.05 15:30 pm	USD Initial Jobless Claims (May 22)	High
28.05 15:30 pm	USD Gross Domestic Product Annualized(Q1)	High
28.05 18:00 pm	USD Fed's Williams speech	Medium
29.05 09:00 am	EUR Retail Sales (MoM)(Apr)	Medium
29.05 12:00 pm	EUR Consumer Price Index - Core (YoY)(May)	High
29.05 12:00 pm	EUR Consumer Price Index (YoY)(May)	High
29.05 15:30 pm	CAD Gross Domestic Product Annualized (QoQ)(Q1)	High

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