

# MARKET UPDATE

**20/04/2022**

## **European shares rebound on earnings boost**

European shares climbed on Wednesday after positive earnings reports from food and beverage companies, although worries over the Ukraine war, slowing growth and rising yields kept gains in check.

The pan-European STOXX 600 ticked up 0.5%, as banks and food & beverage stocks rose 1.3% each, Meanwhile, mining and oil stocks fell 0.8% and 0.5%, respectively.

## **Gold at lowest in nearly 2 weeks as bond yields, dollar weigh**

Gold prices fell on Wednesday to their lowest in nearly two weeks, as an elevated U.S. dollar and Treasury yields continued to weigh on demand for bullion.

Spot gold was down 0.4% at \$1,941.40 per ounce at 0741 GMT, after hitting its lowest since April 8. U.S. gold futures fell 0.7% to \$1,944.80.

On Tuesday, prices fell up to 1.8% as strength in the dollar and benchmark U.S. 10-year Treasury yields overshadowed safe-haven inflows into the metal.

## **Gains in stocks capped by rise in real yields, Netflix disappoints**

Stocks edged higher on Wednesday, but gains were capped by questions over how far real bond yields will rise as investors sifted through disappointing Netflix (NASDAQ:NFLX) earnings and war continued in Ukraine.

The STOXX index of 600 European companies gained 0.4% to 458.17 points. The MSCI all country stock index was 0.2% firmer.

Investors kept a wary eye on the 10-year Treasury Inflation-Protected Securities (TIPS), whose yields briefly broke above negative territory on Tuesday for the first time since March 2020.

A rise in real yields poses a fresh headwind for risky assets such as stocks, especially big tech firms which report earnings next week, now more closely scrutinised after Netflix shares sank on Tuesday evening after news it was losing subscribers.

## Russian rouble firms towards 78 vs dollar, stocks fall

The Russian rouble firmed towards 78 to the dollar in early trade on Wednesday, while stock indexes extended losses as the market watched developments around Ukraine and sanctions against Russia.

Russia faces soaring inflation and capital flight while grappling with a possible debt default after the West imposed harsh sanctions against Moscow for sending tens of thousands of troops into Ukraine on Feb. 24.

As of 0729 GMT, the rouble gained 0.5% to 78.15 to the dollar, hovering near levels seen before Feb. 24.

## Musk tweets cryptic phrase days after Twitter takeover offer

Billionaire entrepreneur Elon Musk tweeted a series of dashes for a missing word followed by "is the Night", days after he offered to buy Twitter Inc (NYSE:TWTR) for \$43 billion.

The offer from Musk, who has hinted at the possibility of a hostile bid, has prompted the social media company to adopt a "poison pill" to protect itself.

Musk, who is also the chief executive of electric-vehicle maker Tesla (NASDAQ:TSLA) Inc, on Monday tweeted "Love Me Tender", an Elvis Presley song, after Twitter opted for a plan to sell shares at a discount to prevent any attempt by shareholders to amass a stake of more than 15%. Musk currently has a 9.1% stake.

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