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https://blog.en.erste-am.com/i-just-cant-get-enough-update-from-the-investment-division/

„I just can’t get enough“– Update from the Investment Division

Erste AM Communications



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What’s happened since yesterday ?

In a hit from 2011 the Black Eyed Peas sang “I’m addicted wanna jump inside your love, I wouldn’t wanna have it any other way, I just can’t get enough”. Governments and central banks also seem to have fallen in love with stimulus packages and stimulus measures and the economy can’t seem to get enough of them.

Yesterday the Republicans unveiled a new USD 1,000 billion stimulus package. The Republican majority leader in the Senate, Mitch McConnell, justified the package by saying “the American people need more help”. The plan provides for a round of one-off payments of USD 1,200 to most Americans. In return, the federal government’s temporary contribution to unemployment benefits of USD 600 per week will first be reduced and then stopped. This program is to be replaced by wage replacement payments of 70%. The package also provides for support measures for small and medium-sized businesses.

However, there is a dispute between Republicans and Democrats over this new aid package, and it appears that this is already the first shadow of the upcoming presidential election campaign.

Yesterday the markets reacted largely positively to the presentation of the planned stimulus package. The US leading index, the S&P 500, rose by 0.7%. Most Asian markets also posted overnight gains. Gold took a breather yesterday, and currently stands at around USD 1,930. Since the beginning of the year, the precious metal has risen by almost 28% (in US dollars), making it one of the best performing asset classes in 2020.

The US dollar continued its downtrend against the euro yesterday. The US currency reached a high for the year against the euro in March at around 1.07. After that, however, the euro appreciated significantly and currently stands at around 1.17.

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