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Losses at beginning of week – Update from the Investment Division

Erste AM Communications



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What has occurred since the long weekend?

Last week began on a positive note in the markets for risk assets. The US leading index, S&P500, gained 3.6% from Monday to Wednesday. This was triggered by the following positive news:

- In a study, the drug Remdesivir showed success in treating COVID-19 patients.
- The US Federal Reserve's affirmation that it will use all available funds for as long as the necessary to mitigate the economic impact of the pandemic.
- The easing measures that have been or are being implemented in some countries, such as Germany and some states in the US.

On the last two trading days, however, the market sentiment turned and the stock markets recorded losses. On Thursday and Friday the S&P500 was down. One reason for this was the resurgence of political conflict between the US and China. President Trump threatened to impose new tariffs in response to China's handling of the virus outbreak. Corporate and economic data towards the end of the week also put pressure on share prices. The safe havens were able to profit from this uncertainty. The yield on 10-year German government bonds dropped to -0.59%. Gold also gained on Friday after losses at the beginning of the week.

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