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Marathon talks on EU Corona aid packages – Update from the Investment Division

Erste AM Communications



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What has occurred since Friday ?

Mixed economic data and negative headlines about the continuing rise in coronavirus cases in several U.S. states weighed on investor sentiment last week. California, Texas, and Florida reported new case numbers above the seven-day average, and Pennsylvania announced that there will be restrictions on food service. On Friday, however, the markets regained some ground and the S&P 500 closed the week slightly higher.

The weekend was dominated by the marathon talks between EU leaders. These will continue on Monday, as no agreement has been reached so far. The 27 EU states are still discussing the modalities of the aid package. At the heart of the dispute are the ratio of grants to loans, the overall size and other conditions. Media reports currently suggest that the "Thrifty Four" (the Netherlands, Austria, Denmark and Sweden) have presented a package of loans worth 350 billion euros and a grant of 350 billion euros. France and Germany, on the other hand, recently called for a minimum lower limit for grants of 400 billion. The chances of reaching an agreement now appear to be higher than they were before the weekend, as the "Frugal Four" are making concessions while recognizing that grants must also be part of the agreement.

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