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https://blog.en.erste-am.com/mr-market-two-positive-days-in-a-row-update-from-the-investment-division/

“Mr. Market” two positive days in a row – Update from the Investment Division

Erste AM Communications



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What has occurred since yesterday ?

Two positive days in a row on the American stock markets. Something we saw the last time on 11. + 12.2020. Mr. Market was in a good mood over the last two days. After the US-American equity index S&P500 gained almost 9% on Tuesday it increased also yesterday by ca. 1,1%. Also the European stock markets closed on the positive side. The EuroStoxx 50 gained 3,1%

The credit risk margins for Corporates with Investment Grade and High Yield ratings decreased over the last two days. The prices of those bonds increased. Also gold could see gains. Ca. 3% since Tuesday. The yields of investment grade government bonds were little changed over the last two days. US-American 10Y Treasuries show currently a yield of ca. 0,8%. 10Y German Bunds ca. – 0,3%.

The main reason for the positive sentiment was the approval of the USD 2 trillion stimulus package in the US Senate. This amount is higher than the stimulus packages in the financial crisis of 2008 and 2009.

What will we be looking at over the next few days?

Already in our first daily update we pointed out that there will be a conflict between the virus containment measures on the one hand and fiscal and monetary policy measures on the other hand. In comparison to past crisis the central banks and the governments have reacted much faster and usually also more comprehensively. Over the next days and weeks it will be decisive if those packages can save jobs, support & finance corporations and re-start consumption.

Positive developments could be seen in regards to the spreading of the virus in Italy. There the rate of newly infected decreased the fourth day in a row. The World Health Organization (WHO) expects the peak of infections in Italy at the weekend. The USA seem to be become the new crisis center in regards to the global spreading of the virus.

Our dossier on coronavirus with analyses: https://blog.en.erste-am.com/dossier/coronavirus/

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