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Musk launches Tesla production – Update from the Investment Division

Erste AM Communications



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What has occurred since the yesterday ?

Elon Musk has always been a colorful character. Until now, he could also adorn himself with the fact that his products help save the world. Especially the Tesla electric cars. Yesterday he added another chapter to his extraordinary story by announcing that he will resume production at the Tesla factory in Fremont, California.

This is a violation of California's containment laws. On Twitter he added: "If anyone is arrested, I ask that it be me alone. Nevertheless, Tesla's share price has increased by 95% since the beginning of the year.

What will we observe the next few days?

The risky asset markets were relatively quiet yesterday. The European index EuroStoxx 50 was down 0.8% and the US stock markets closed almost unchanged compared to Friday. The same applied to the yields of investment grade government bonds. Even crude oil recorded only slight fluctuations yesterday, especially compared to the price movements of the past few weeks. A barrel of standard grade WTI oil for delivery in June traded at around USD 24.50 yesterday.

The quieter markets from the past few days are also reflected in the volatility indices. The VIX index, which measures the expected volatility of the US leading index, the S&P 500, fell to 27.5 yesterday, the lowest level since the end of February. This index is often referred to as the "fear index" because it indicates whether market participants expect high or low volatility in the markets in the near future.

High fluctuations are usually also associated with price losses on the stock markets. The expected volatility on interest rate and currency markets has also decreased significantly in recent days and weeks. These markets therefore expect calmer waters in the coming weeks.

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