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## Postitive end of the week – Update from the Investment Division

Erste AM Communications



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### What has occurred since the weekend?

The end of the week for the stock markets on Friday was more positive than the beginning of last week. The leading US index S&P 500 gained 0.4% on Friday, closing 2.3% lower than the previous week. The European and Asian markets were also largely positive on Friday. The yield on 10-year government bonds in the US is currently at 0.6% and that on German government bonds is -0.5%. In these segments, the fluctuations in recent weeks have been low. Gold was up by 0.8%.

The economic data that is currently being released confirms the recession that was generally expected. Economic growth in Japan fell by 3.4% (annualized) in Q1. This was due to a drop in consumption and business investment. However, this only seems to be a foretaste of what could come in Q2. Currently, market participants expect GDP in Japan to contract by -21.5% (annualized) during this period.

In the US, Jerome Powell, the chairman of the Federal Reserve, warned that the economic recovery could extend to the end of 2021. In the meantime, the Fed expects the US economy to recover steadily from the second half of 2020 onwards. He further stated that a full recovery of economic performance would require a great deal of public confidence and this could take time until a vaccine is available.

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