

<https://blog.en.erste-am.com/reduction-in-covid-19-deaths-update-from-the-investment-division/>

## Reduction in Covid-19 deaths – Update from the Investment Division

Erste AM Communications



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### What has occurred over the weekend ?

On Friday and also over the weekend some movement happened in the talks between Russia and Saudi Arabia about possible oil production cuts. After the last talks of OPEC+ about a month ago ended without an agreement between those two countries Saudi Arabia increased the oil production unilaterally. A drastic drop in oil prices followed right away.

Now Russia and Saudi Arabia seem to come closer together again after pressure and intermediation by the USA. Also an OPEC+ meeting this week is currently in discussion. This development lead to a strong price increase of crude oil by end of last week of 40% (Brent).

Equity markets closed on Friday on the negative side. The European markets lost ca. 1% and the US-American equity index S&P 500 closed at – 1,5%. Investment grade government bonds could see gains. Volatility has gotten much lower on the market for government bonds over the last days. That is mainly caused by the stimulus packages and interventions of the central banks.

Positive news on the weekend also in regards to the spreading of the virus in the crisis centers Italy and Spain. Both countries saw a reduction of the daily deaths caused by the Covid-19 virus. It seems that the measures to contain the virus are working. Furthermore there were news reports whereas several European countries consider a step-by-step loosening of the containment measures. Those news supported markets in Asia. The Japanese equity index NIKKEI closed today at + 4,2%.

### What will we pay attention to during this week?

As reported over the last weeks the economic data continues to get worse. That was to be expected due to the virus containment measures. This week the following indicators will be important from our point of view:

- Data for industrial output in Italy in February will show how large the slowdown in the economy was already in February.
- Inflation data from China will give an indication about the extent of the deflation pressure.
- Consumer sentiment in the USA will be an indication for the consumer behavior in the largest economy.

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

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