

<https://blog.en.erste-am.com/rollercoaster-ride-continues-update-from-the-investment-division/>

Rollercoaster ride continues – Update from the Investment Division

Erste AM Communications



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What has occurred since yesterday (18.03.20)?

The markets continued their rollercoaster ride yesterday. The European markets closed down by 5-6% yesterday. The leading index in the USA (S&P500) also closed at -5.2%. However, not only were there large movements compared to the previous day, there were also large swings during the day. The S&P500 was already down 10%, but made up for almost half of its losses in the final hours of trading. To quote Benoit Mandelbrot once again, time is currently moving at a rapid pace in the markets.

Yields from investment-grade government bonds rose again yesterday. Currently, the yield on 10 year German government bonds is around -0.3% and the 10 year US government bond yield is 1.1%. The commodity markets also remain volatile.

What will we be observing in the coming days?

The two poles, which we have already reported on, on several occasions, continue to drive market activity and are also the stimuli that we will continue to monitor closely:

Firstly, the global spread of the virus and the associated containment measures that need to be taken by individual countries. These will lead/have led to supply chains being disrupted and a decline in demand. The latter can also be observed in high-frequency and "alternative data" in the USA: daily data from OpenTable, which measures the restaurant occupancy, which collapsed by 84%. Data from TomTom.com show that traffic in the USA has dropped significantly. This makes a recession very likely in the first half of the year.

Secondly, the contrasts with monetary and fiscal policy measures taken by central banks and governments. Yesterday, the European Commission announced another bond purchase program, under which an additional EUR 750 billion of bonds are to be purchased. President Lagarde said "extraordinary times require extraordinary measures- There are no limits to our commitment to the euro". Yesterday, the US Senate debated the USD 1.3 trillion fiscal package proposed by President Trump.

Current data of the coronavirus from 19.03.2020 ([Link here](#))

Last Update: 19.03.2020; Quelle: Johns Hopkins University [Link](#)

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

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