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Rollercoaster ride for markets – Update from the Investment Division

Erste AM Communications



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What has happened since yesterday ?

The markets for risky assets went through a rollercoaster ride yesterday. For large parts of the European trading session and in the beginning in the US, most stock markets were clearly in the red. For example, the US leading index, the S&P 500, lost up to 2.5%. However, investor sentiment turned around in the late afternoon after the Fed announced that it would also buy individual corporate bonds on the secondary market. This represents a further expansion of its purchasing programs and signals that the Fed will continue to take aggressive measures to support economic recovery and corporate financing.

The S&P 500 finally closed the day at +0.8%. The Asian markets were also boosted by this news and the Japanese Nikkei rose by 4.9%. The markets are ignoring the new infections in China and assume that a possible second wave of infections will not result in any new broad-based lockdown measures.

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