10. June 2020

https://blog.en.erste-am.com/stock-market-rally-update-from-the-investment-division-2/

Stock market rally – Update from the Investment Division

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What has occurred since yesterday ?

Yesterday it seemed that the equity markets had to catch their breath after their rally over the last weeks. The European markets were mainly negative and the US equity index S&P 500 closed the day with a loss of 0,78%. Since the beginning of May it was only the seventh day the S&P 500 had to take a daily loss. Also volatility in the markets significantly decreased. The fear index "VIX", which calculates volatility in US-equities, decreased from 38 (beginning of May) to 27. The market participants expect significantly lower volatility compared to the months before. But the level is still significantly above the historic average.

The positive development of risky assets is still supported by monetary and fiscal measures. The US central bank Fed just announced an easing for small and medium size businesses to access loans. In France certain measures to avoid bankruptcies and employee layoffs were extended by two years.

Positive was the development in the investment grade government bond markets. In the USA the yield for 10Y bonds decreased to 0,82%. Also gold could gain almost 1% in the last trading session.

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