



**CIO OFFICE MORNING MARKET WRAP – Monday 4th of May, 2020.
ALSO AVAILABLE ON ALEXA.**

Last week was positive on global markets until Thursday, then May started with stocks retreating on Friday. This direction seems to be confirmed. GCC markets fell yesterday. The Saudi Tadawul index closed down -7.4%, as the country's Minister of Finance announced deep cuts in government spending.

Oil gave back some of its gains of last week, as the pressure on the short-term futures contracts resumed. The most sensitive WTI, combining no demand, no storage and sizeable speculation, lost 8.5% before stabilizing close to \$18. The June contract will expire in 2 weeks on May 19th.

As we write, the morning session in Asia is hit by negative sentiment, with regional stocks as well as US and European futures falling. Part of it is simply a catch-up of US negative closing last week, but the renewed tensions between the US and China are also clearly weighing on sentiment. Secretary of State Pompeo said "enormous evidence" shows that the coronavirus outbreak began in a laboratory in Wuhan, China, echoing the criticism of Beijing voiced by

President Trump last week. It's no surprise in such a context that China's yuan extends Friday's slide this morning and even, that North-Korean troops opened fire in the demilitarized zone in a rare incident, days after Kim Jong UN reappeared.

This reminds us of last year, when every incremental bit of tension between the two superpowers was immediately reflected in the currency pair, and in the collateral battles such as Huawei control or North Korea weaponry. On the virus front, the UK will publish plans to lift restrictions within days, with May 26 as a rumoured date for reopening.

Italy had the fewest daily fatalities in 2 months, but Russia reported its highest number of new cases, more than 10000, yesterday. We are not done yet, even if we're getting closer. Roche received an emergency approval from the FDA for its antibody test, which determines whether someone is or more importantly has been infected. Gilead CEO said that its antiviral drug Remdesivir will be given to patients as soon as this week, with, again, a positive trial in the US but a negative one from China. Today we will get the manufacturing PMIs from the Euro Area, and the key number of the week will be the US unemployment rate from the April job report on Friday.

Stay safe.

MAURICE GRAVIER
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