



## **CIO OFFICE MORNING MARKET WRAP – Thursday 7th of May, 2020. ALSO AVAILABLE ON ALEXA.**

Global stocks fell 0.3% Wednesday, with Emerging Markets slightly positive. In the US, the technology-rich Nasdaq keeps on outperforming the broader S&P500, by an impressive 10% year to date now. Rates were quiet, with the US 10-year Treasury yield increasing 4 basis points to 0.70%, and Oil prices consolidated after their recent jump.

The price of Brent crude oil moved down 3.7% to just below \$30. Weekly US data on gasoline demand and crude inventories are improving, which could help reduce the spread between WTI and Brent. Out of the numerous economic data released yesterday, we would highlight three. First, the JP Morgan April global all-industry PMI crashed to its worst level ever at 12.7.

April is hopefully the worst month of the worst recession of our times. Second, the US keeps on losing jobs, with the monthly ADP survey estimating -20.5 mn for the month, to be confirmed by Friday's non-farm payroll report. 20mn people losing their job is arguably a much broader impact than 1.2mn

Coronavirus cases in the US, which is why economies are gradually re-opening in May. Third interesting data: retail sales in the Eurozone, highlighting the different impacts of different policies. Germany, with intensive tests, was down only -5.6% which is half of the aggregate Euro area.

There is no alternative: the West has to reopen, for itself and for the world. Despite this interdependence, Michael Pompeo is adding verbal criticism of China's handling of the outbreak, now stating that the origins of the virus were covered up and pushing for an investigation. China's exports have just being released and they unexpectedly rose by a solid 3.5% aided by stronger regional demand, as imports fell 14%.

This is much better than what economists had anticipated at respectively -11% and -10%. Today we will also look at the initial jobless claims, and we have the similar feeling that the consensus at -3mn might be too pessimistic. Q1 earnings of the day include Uber and Nintendo, potentially one lose and one winner of the lockdowns. As we write, the early hours of the Asian markets session are gently turning positive after the positive China trade data. Japan reopens after a long holiday and stocks in general are flat or modestly up, as are S&P 500 futures.

Stay safe.

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