ZURICH

# Negative oil, record stimulus, and earnings take centre stage

## Snapshot

Corporate Bonds

Gold

World Equities

Sovereign Bonds

Copper

Oil

Equities were choppy last week, as the first negative oil price in history unsettled investors early in the week. Data on this side of the Atlantic was weak, with eurozone April PMIs falling to record lows. U.K. data painted a similar picture with PMIs there also falling deeper into contraction territory. In China, data showed that industrial production slumped in March but forward looking indicators suggest that Chinese supply chains are recovering quickly.

Stimulus measures continue to have a positive impact on market sentiment as a recovery fund from the EU is getting closer to being agreed. The finer details are still to be confirmed, but there are reports of a package worth somewhere in the region of €1.5 trillion. In the U.S., Congress passed its fourth rescue package which included an additional $320bn to the 'Paycheck Protection Program'. The actions of the Federal Reserve saw its balance sheet expand by over $2 trillion since the start of March.

Lockdown restrictions are being tentatively eased in Europe, with Spain and Italy announcing limited movements and France to outline further plans on Tuesday. The U.S. approach continues to be less clear, with individual states becoming more influential and vocal in the fight against the virus.

In terms of the virus itself, the focus continues to be on 'flattening the curve' and attempting to identify the inflection point for infection rates. However this is a novel virus, one that has never been seen before. Policymakers will have to balance the economic impact of an easing of lockdown restrictions with the potential public health consequences.

***Our regular market information continues on the next page.***

## Week Ahead

**28 Apr** Bank of Japan gathers for its latest policy meeting.

**29 Apr** U.S. Federal Reserve meeting as flash Q1 GDP data for the U.S. is released.

**30 Apr** Eurozone GDP data and the ECB meets for their latest interest rate decision.

| | 1 Week Return 20.04.20 to 27.04.20 | | Year to Date Return 31.12.19 to 27.04.20 | |
|---|---|---|---|---|
| | **Local Currency** | **Euro** | **Local Currency** | **Euro** |
| World | -0.3% | 0.3% | -15.7% | -12.5% |
| U.S. | 0.5% | 0.7% | -12.1% | -9.1% |
| Europe | -1.9% | -1.9% | -19.0% | -19.0% |
| Ireland | 2.2% | 2.2% | -22.0% | -22.0% |
| U.K. | -1.2% | -1.1% | -24.2% | -26.5% |
| Japan | -1.1% | -0.4% | -17.2% | -13.1% |
| Hong Kong | -2.5% | -2.4% | -14.7% | -11.4% |
| Corporate Bonds | 0.3% | 0.3% | -3.2% | -3.2% |
| Sovereign Bonds | -0.4% | -0.4% | -0.2% | -0.2% |

### Equities

- Global equities were down last week by -0.3% in local terms and up by 0.3% in euro terms.
- Ireland and the U.S. markets were up by 2.2% and 0.5% respectively in local terms with all other major markets showing declines.

### Fixed Income & FX

- The U.S. 10-year yield finished at 0.61% last week. The German equivalent finished at -0.48%. The Irish 10 year bond yield remained at 0.18%.
- The Euro/U.S. Dollar exchange rate finished at 1.08, whilst Euro/GBP remained at 0.87.

### Commodities

- Oil prices fell further finishing at $14 per barrel and is down 76% year to date in local terms.
- Gold increased to $1,717 per troy ounce and is up 13% year to date in local terms.
- Copper decreased to $5,118 per tonne.

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