

News highlights

- Last week, equity markets suffered from multiple negative narratives about mounting tensions between the U.S. and China.
- The Chairman of the Federal Reserve, Jerome Powell, struck an ominous tone regarding the shape of the US economy, warning of “lasting damage to the productive capacity of the economy”. He also held out the possibility of further monetary measures while excluding negative rates
- Equity market warnings grew louder as famous hedge fund managers said stocks were vastly overvalued. Stan Druckenmiller said on television the risk/reward balance on US stocks is the worst seen in years while David Tepper suggested recent levels represented the second most overvalued since the 1999-2000 dotcom bubble.
- The U.S.-China trade detente was effectively torn apart last week with an escalation of rhetoric and both sides blaming each other for the severity of the health crisis. The US administration ordered the federal pension fund to drop a long-planned investment in Chinese shares and the U.S. Commerce Department moved to block shipments of semiconductors to Huawei Technologies from global chipmakers. Trump also said he was considering a crackdown on US-listed Chinese stocks, forcing them to comply with American accounting rules. Increasing tensions in the South China Sea also made a few headlines.
- According to an S&P Global Ratings report published last week, pressure continues to build on ‘BBB-’ rated issuers with the number of potential fallen angels reaching a record high of 111 issuers. Of the 17 additions to the potential fallen angels list, seven were financial institutions, as “some banking systems could be significantly affected by COVID-19-related stresses despite highly supportive monetary policies globally” said S&P.

EQUITIES (local currency, price change)

	Last Price	5 days	YTD		5 Years
			Local	EUR	
US					
S&P 500	2 864	-0.6%	-11.4%	-7.9%	34.9%
Nasdaq	9 015	0.4%	0.5%	4.4%	78.6%
Dow Jones	23 685	-0.8%	-17.0%	-13.8%	29.6%
Europe					
Stoxx 50	2 771	-3.8%	-26.0%	-26.0%	-22.5%
DAX	10 465	-2.7%	-21.0%	-21.0%	-8.6%
CAC	4 278	-5.0%	-28.4%	-28.4%	-14.3%
FTSE	5 800	-2.3%	-23.1%	-27.0%	-16.7%
AEX	500	-3.1%	-17.2%	-17.2%	1.9%
BEL 20	2 932	-3.9%	-25.9%	-25.9%	-20.2%
SMI	9 483	-1.4%	-10.7%	-7.8%	4.1%
EM & Asia					
Nikkei 225	20 037	1.8%	-15.3%	-10.8%	1.5%
Hang Seng	23 797	-0.8%	-15.6%	-11.9%	-14.5%
India	31 098	-1.1%	-24.6%	-26.4%	13.8%
Russia	2 594	-1.5%	-14.8%	-25.7%	53.4%
Brazil	77 557	-0.7%	-32.9%	-52.0%	35.5%

FIXED INCOME (local currency, total return)

	Yield	5 days	YTD		5 Years
			Local	EUR	
US					
Government	0.50	0.1%	8.9%	21.6%	
Investment Grade	2.57	0.1%	0.8%	23.8%	
High Yield	8.17	-0.5%	-8.8%	18.2%	
Europe					
Government	0.25	0.2%	0.2%	12.0%	
Investment Grade	1.37	-0.5%	-3.6%	7.6%	
High Yield	7.13	-0.7%	-10.8%	9.1%	
EM					
Global HC USD	5.19	0.8%	-5.7%	20.1%	

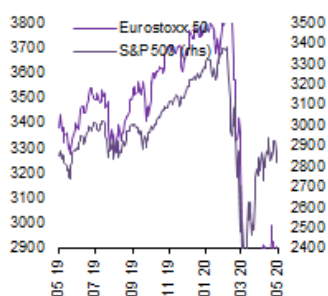
EUR VERSUS MAJOR CURRENCIES

	Last	5 days	YTD	5 Years
USD	1.08	-0.1%	-3.5%	-16.3%
JPY	116.02	0.8%	-4.7%	15.2%
CHF	1.05	-0.2%	-3.1%	-13.1%
GBP	0.89	2.0%	5.6%	12.1%

COMMODITIES

	Last	5 days	YTD		5 Years
			USD	EUR	
Brent	32.50	10.3%	-50.8%	-48.8%	-70.4%
Gold	1 743.67	1.6%	14.9%	19.4%	-1.2%

Equities (price, local currency)

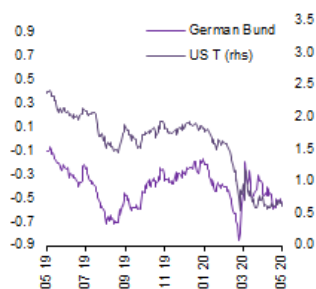


EUR vs. USD

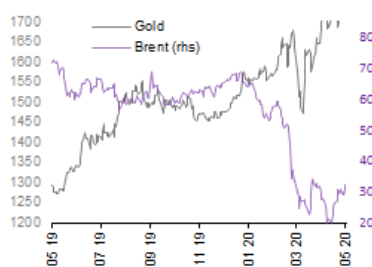


Source: Bloomberg, BIL, as at 15/05/2020

Bonds (Yield)



Gold & Brent (USD)



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