Market Pricing

30 March 2020
Weekly market update: 30 March 2020

**Economic news**

**US**
- New claimants for unemployment benefit rose to 3.3 million people from 281,000 in the previous week. This is the latest high frequency data point which shows the acute contraction underway.

**Europe**
- The German ZEW economic sentiment index came in at -49.5 for Mar, the lowest for the last decade.
- The Eurozone consumer confidence indicator fell from -6.6 to -11.6 in Mar.

**China**
- China industrial production fell by 13.5% in the year to February – the first time it has ever been negative.
- Retail sales also fell sharply in February.

**Policy news**

- Fiscal stimulus of $2tn (c. 10% of US GDP) includes direct transfers to households, unemployment insurance and bailouts, loans and grants for vulnerable businesses.
- The ECB has announced a new bond buying programme of €750bn till end-2020. The previous limits, i.e., buying only a third of the country’s eligible bonds, will not apply.

**Actual** | **Change** | **Current** | **1-week** | **1-month** | **YTD**
---|---|---|---|---|---
**10-year government bond yield (%)**
- US | 0.73 | -0.23 | -0.57 | -1.14
- Germany | -0.47 | -0.16 | 0.09 | -0.23
- UK | 0.36 | -0.18 | -0.07 | -0.40

**5-year sovereign spreads vs. bunds (bps)**
- France | 25 | -7 | 6 | 7
- Ireland | 31 | -9 | 9 | 14
- Italy | 121 | -19 | 13 | 16
- Spain | 76 | -7 | 12 | 25

**10-year breakeven inflation (%)**
- US | 0.95 | 0.16 | -0.58 | -0.77
- UK | 3.22 | 0.12 | -0.11 | -0.17

**Corporate credit spreads**
- US IG | 324 | -63 | 203 | 224
- European IG | 240 | 9 | 136 | 145
- US HY | 899 | -110 | 437 | 543

**Emerging market debt (%)**
- USD EM Ext. Gov. (spread) | 659 | -60 | 248 | 297
- EM Local ex-Korea (yield) | 4.66 | -0.39 | 0.31 | 0.05

**MSCI World (USD)**
- MSCI World (USD) | 1,410 | 10% | -16% | -23%
- MSCI EM (USD) | 49,074 | 5% | -18% | -24%
- US | 2,421 | 11% | -15% | -21%
- Europe ex-UK | 1,102 | 6% | -19% | -24%
- UK | 1,573 | 6% | -19% | -27%
- Japan | 880 | 14% | -8% | -16%
- China | 75.9 | 5% | -10% | -12%

**Commodities**
- Oil | 25.1 | -1.2% | -51.9% | -63.6%
- Copper | 4,774 | -1.7% | -15.0% | -23.1%
- Gold | 1,624 | 8.3% | -1.3% | 7.4%

**Currencies**
- USD/EUR | 1.11 | 3.5% | 0.7% | -0.9%
- JPY/USD | 120 | 0.5% | -1.0% | -2.2%
- USD/GBP | 1.12 | -1.7% | 4.9% | 5.0%
- USD/AUD | 0.61 | 4.8% | -6.8% | -12.3%

Sources: FactSet
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