

Financial News & Events

20 March, 2020



Currencies

The U.S. dollar rallied across the board on Thursday, as worries about the economic fallout from the coronavirus boosted dollar demand despite recent steps by world central banks aimed at alleviating market stress. The dollar index which measures the greenback's strength against a basket of six other major currencies, rose 2.0% to 102.73, its highest level since January 2017. The index is up about 4% for the week. The dollar's rally has crushed several currencies to multi-year lows. The euro was at its weakest since April 2017, as traders rushed to dump euro positions despite a fresh round of stimulus from the European Central Bank. The European Central Bank announced a 750 billion euro asset-purchase programme in response to the coronavirus outbreak. The ECB's purchase scheme, announced after an emergency meeting late on Wednesday, came less than a week after policymakers launched fresh stimulus measures. The fall in the euro mirrored a sudden widening in FX implied borrowing costs for the U.S. dollar, indicating that investors were rushing to secure their short-dated funding. Though global central banks have pumped in billions of dollars in emergency liquidity injections in recent days and strengthened swap lines with some global central banks, dollar funding pressures remained exacerbated across the board. The British pound fell 0.72% even as the Bank of England cut interest rates to 0.1% and ramped up its bond-buying program.



Stocks

U.S. stocks managed to post gains on Thursday after recent steep losses as policymakers around the world took further emergency actions to try to help financial markets cope with deep coronavirus-driven economic damage. Nasdaq outperformed other major indexes, ending 2.3% higher, fueled by gains in Amazon.com, Microsoft and Facebook. The recent sharp market volatility continued, with the S&P 500 index falling as much as 3.3% during the session. The S&P 500 remains down about 29% from the record closing high it hit a month ago after last week confirming its first bear market since the financial crisis, and the Dow erased virtually the last of its gains under Trump's presidency on Wednesday. The Dow Jones Industrial Average rose 188.27 points, or 0.95%, to 20,087.19, the S&P 500 gained 11.29 points, or 0.47%, to 2,409.39 and the Nasdaq Composite added 160.73 points, or 2.3%, to 7,150.58. Helping the day's sentiment, U.S. crude oil prices spiked by 25% in their largest single-day gain on record, while the S&P 500 energy index rose 6.8%, leading gains among S&P 500 sectors. Ford Motor Co was the latest major U.S. corporation to bolster its cash reserves to ride out the virus impact, drawing down more than \$15 billion from existing credit lines. The S&P 500 posted three new 52-week highs and 94 new lows; the Nasdaq Composite recorded 13 new highs and 569 new lows.



Metals

Gold prices slipped more than 1% on Thursday as the dollar jumped to multi-year highs, with the coronavirus pandemic threatening to cripple economic activity and prompting investors to sell assets to keep their money in cash. Spot gold was down 1.2% at \$1,468.42 per ounce, while U.S. gold futures settled up 0.1% at \$1,479.30. The dollar notched a fresh three-year high as demand stayed strong despite the recent burst of liquidity injection operations undertaken by central banks around the world. Investors shed riskier assets as another round of sweeping emergency action from policymakers failed to convince panic-stricken stock markets. The relentless spread of the virus, which has infected nearly 230,000 across the world, has triggered panic and sparked a wide sell-off in assets, including safe-haven bullion. Official U.S. data showed the number of Americans filing for unemployment benefits surged last week to their highest level since 2017 in the first indication of the outbreak's toll on employment. Among other precious metals, palladium rose 3.4% to \$1,641.52 per ounce after sliding over 5% earlier in the day, while platinum dropped 5.1% to \$592.83, falling for the seventh straight session. Platinum and palladium will likely remain turbulent in coming months after huge losses sparked by the spread of coronavirus, before starting a tentative recovery, analysts said. Silver gained 0.5% to \$12.05 an ounce.



Energies

U.S. crude oil prices spiked by 25% on Thursday, the largest single-day gain on record, recouping some losses from three days of selling that drove the benchmark to near 20-year lows. Analysts saw the rebound as a brief reprieve, anticipating additional weakness as the coronavirus outbreak takes its toll on global demand. At the same time, the price war between Saudi Arabia and Russia is flooding markets worldwide with cheap oil. West Texas Intermediate crude settled up \$4.85, or 24%, to \$25.22 after dropping nearly 25% to an 18-year low in the previous session. It then briefly extended gains in post-close trading to as much as 35%. Brent crude settled up \$3.59, or 14.4%, at \$28.47 a barrel, having plunged to \$24.52 on Wednesday, its lowest since 2003. Central banks have moved to mitigate the spiraling economic and financial fallout from the pandemic, with the European Central Bank kicking off a 750 billion euro emergency bond purchase scheme. Following the breakdown of talks between Saudi Arabia and Russia, the de facto leader of OPEC announced plans to increase supply to a record 12.3 million barrels per day and cut the official selling price for its oil by several dollars per barrel. In the United States, where dozens of shale oil and gas drillers and services companies risk bankruptcy, senators on Wednesday urged the two countries to halt their price war during talks with the kingdom's envoy to Washington.

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Economic Events

DATE	TIME	COUNTRY	RELEASE	MONTH	ACTUAL	FORECAST	LAST
20-Mar	11:00	GER	PPI YoY	FEB	-	0.2%	0.2%
20-Mar	11:00	GER	PPI MoM	FEB	-	-0.1%	0.8%
20-Mar	12:30	UK	Inflation Expectations	-	-	-	3.1%
20-Mar	13:00	EUR	Current Account	JAN	-	-	32.6B
20-Mar	13:00	EUR	Current Account n.s.a.	JAN	-	20.5B	51.2B
20-Mar	13:30	UK	Public Sector Net Borrowing	FEB	-	0.85B	-10.54B
20-Mar	13:30	UK	Public Sector Net Cash Reqmnt	FEB	-	-	-18.754B
20-Mar	16:00	UK	BoE Quarterly Bulletin	-	-	-	-
20-Mar	16:30	CAD	Core Retail Sales MoM	JAN	-	0.2%	0.5%
20-Mar	16:30	CAD	Retail Sales MoM	JAN	-	0.3%	0.0%
20-Mar	18:00	US	Existing Home Sales	FEB	-	5.50M	5.46M
20-Mar	18:00	US	Existing Home Sales MoM	FEB	-	0.7%	-1.3%
20-Mar	21:00	US	U.S. Baker Hughes Oil Rig Count	-	-	-	683
20-Mar	21:00	US	U.S. Baker Hughes Total Rig Count	-	-	-	792
23-Mar	11:00	GER	Import Price Index MoM	FEB	-	-	-0.4%
23-Mar	11:00	GER	Import Price Index YoY	FEB	-	-	-0.9%



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