



WORLD

MARKETS

May
25-31-2020
ISSUE 04

BUSINESS & FINANCE WEEKLY REVIEW

MAJOR WORLD INDICES

0.24 %	3.75 %	3.01 %	1.77 %	4.71 %	1.37 %	7.31 %	5.86 %	4.61 %	1.20 %
JSE/Top40	DJIA	S&P500	NASDAQ	ASX200	SSECOMP	NIKKEI225	NIFTY50	DAX	FTSE100

MARKETS REVIEW Week May 25-31

Indices push higher as lockdowns ease and tensions mount

World markets extended their gains this week. Optimism fuelled by world economies taking more re-opening steps seemed to be the primary driver of sentiment but in the geopolitical arena, US-China tensions were put onto the front burner again.

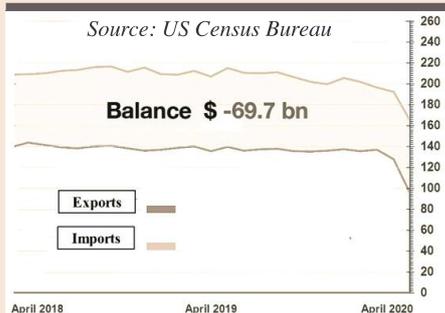
US: In a short Memorial Day week, US stocks posted strong gains as the US took steps to further reopen the world's largest economy, following the lead of key regions in Asia and Europe. Investors also took heart on economic data which surprised on the upside. The S&P moved above 3,000 and closed the month up 32% from the March 23 low. Markets turned negative late in the week as China voted to impose national security law on Hong Kong and US President Donald Trump announced that the US will take measures to eliminate special treatment for the Asian financial hub. (See Americas section on p.3). **ASIA:** Equities surged as Japanese Prime Minister Shinzo Abe lifted the state of emergency for the five last remaining prefectures including Tokyo, which generates about one-third of Japan's gross domestic product (GDP). Abe's announcement which came a week earlier than expected, boosted investor confidence. Chinese markets posted advances. Hong Kong was an exception, where equities underperformed amid escalating tensions between the US and China. (See Asia/Pacific section on p.4)

EUROPE: All major European stock markets posted strong advances with the pan-European STOXX Europe 600 Index ending the week 3.0% higher. Fresh fiscal stimulus proposals from the European Union helped underpin investor sentiment. The European Commission proposed Wednesday a €750 billion recovery plan to help limit the damage inflicted by the coronavirus pandemic. The budget plan will now be subject to fierce negotiation among EU heads of state and government, and requires unanimous approval by all 27 nations in the bloc. As Germany's foreign minister Heiko Maas said on Friday, it will be a "long way" from a deal on the EU recovery fund. (see Europe section on p.5).

The month of May marked the transition from lockdowns to a reopening of the world economy. Stocks have rebounded to levels close to their February records and investors behave like the worst has passed. Despite the ongoing market recovery, the economic damage from the pandemic is worsening and global tensions and uncertainties abound.



Kyriaki I. Balkoudi



US Trade deficit rises

The US international goods trade deficit increased to **\$69.7 bn** in April

IN FOCUS THIS WEEK

AVIATION \$550bn

A recent analysis by the International Air Transport Association (IATA) has revealed that debt accumulated by the global aviation industry could increase by 28% this year, reaching \$550 billion.

OIL

14M bpd

Russia's Energy Ministry estimates that the global oil supply dropped by 14 million to 15 million barrels per day (bpd). The oilmarket will be stabilized within the next two months, the ministry expects, RIA Novosti reported citing unnamed sources.

GDP

-1.8%

Gross domestic product across OECD countries fell by 1.8% in Q1 as Covid-19 containment measures weighed on the economy. It was the largest drop since the 2.3% contraction in Q1 2009.

JOBS

305M

The International Labour Organization (ILO) estimates the America will bear the brunt of 305 million job losses that the pandemic will cause worldwide between April and June.

KEY POINTS



• **USA:** Demonstrations that broke out in Minneapolis over the murder of African-American George Floyd by the police spread across the United States as people took to the streets to protest police violence.



• **HONG KONG:** China passed a new national security legislation for Hong Kong. The action has prompted renewed protests in the city, resulting in police officers firing tear gas, rubber bullets, and pepper spray onto crowds.



• **USA:** US President Donald Trump has signed an executive order aimed at removing some of the special legal protections that enable Twitter and other social media to survive.



• **VENEZUELA:** Iran dispatched five tankers carrying fuel for Venezuela over the past days, four of which have now docked at the Latin American country's ports.



TOPICS IN BRIEF

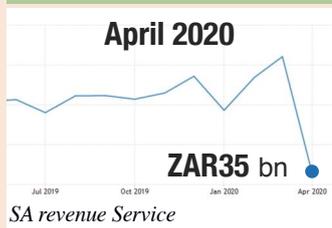
Politics, Law & Crime, Elections, tax

Burundi's ruling party candidate Evariste Ndayishimiye was on Monday (May 25) declared the winner of the country's presidential election with 68.72% of votes cast. Ivory Coast became one of the first countries in West Africa to restart lessons after a two-month coronavirus shutdown.

The Coast Guard of Libya stopped nearly 400 migrants attempting to cross the Mediterranean in five boats in the past two days, according to the office for migrants of the United Nations. South Africa announced that it will further ease its strict nationwide lockdown imposed several weeks ago, allowing most of the economy to function starting June 1. An Angolan trade union on Tuesday (May 27) accused the police of shooting dead one of their senior officials and his neighbour in front of his home in the capital, Luanda. A court in Rwanda on Thursday (May 28) sentenced former Mayor of Nyakizu Ladislav Ntaganzwa to life imprisonment for his role in orchestrating the massacre of hundreds of thousands of people in the 1994 genocide.

Senegal unilaterally ended its double non-taxation treaty with Mauritius earlier this year – and it is only now coming to the attention of tax officials in the region. Senegal alleged that the agreement, had cost the West African nation \$257m in lost tax revenue over 17 years.

CHART of the WEEK



• South Africa deficit

South Africa recorded a trade deficit of ZAR 35 billion in April of 2020 compared to a downwardly revised ZAR 23.9 billion surplus in the previous month and against market expectations of a ZAR 10.5 billion surplus. This was the widest monthly trade shortfall on record. Exports plunged 55.1% to ZAR 53 billion, as shipments fell sharply in all categories.

MARKETS REVIEW

Mixed results for holiday shortened week

African stock markets traded mixed in thin holiday trade as most markets were closed in the region on Monday. Johannesburg's ASI dropped 0.15% and Namibia's Overall Index was down 0.66%. Botswana's DCI ticked up 0.03% and Uganda's ASI rose 0.91%. Equities finished mostly higher on Tuesday. Botswana's DCI ticked down 0.03% while Dar Es Salaam's ASI rose 0.49%. Johannesburg's ASI increased by 1.06% and Casablanca's MASI grew 1.61%. Nairobi's ASI fell 1.03% and Namibia's Overall Index jumped 2.49%. In Mauritius the ASI advanced 0.63%. Uganda's ASI ticked up 0.02% while Zimbabwe's ASI surged by 8.84%.

Continuing trading on a mixed note

Wednesday was a day of mixed results for African markets. Johannesburg's ASI decreased by 0.21% while Nigeria's ASI moved up 0.07%. Nairobi's ASI was off 0.81% and Namibia's Overall Index rose 1.72%. In Mauritius the ASI declined 0.38% while Zimbabwe's ASI surged by 4.74%. Stocks turned mostly south on Thursday.

Botswana's DCI rose 0.06% while Dar Es Salaam's ASI dropped 0.77%. Johannesburg's ASI increased by 1.77% and Lusaka's ASI fell 1.23%. Casablanca's MASI was off 0.91%. Nigeria's ASI was down 0.22%. Nairobi's ASI lost 0.94% and Namibia's Overall Index spiked 2.21%. In Mauritius the ASI declined 0.54% while Uganda's ASI weakened 1.16%. Zimbabwe's ASI surged by 5.67%.

African stock markets closed on a mixed note on the last trading day of the week. Botswana's DCI ticked down 0.01% while Dar Es Salaam's ASI rose 0.22%. Johannesburg's ASI decreased by 1.76% and Casablanca's MASI was up 0.08%. Nigeria's ASI climbed 0.40%. Nairobi's ASI grew 0.45% and Namibia's Overall Index fell 1.30%. In Mauritius the ASI moved up 0.71% while Tunindex gained 0.74%. Zimbabwe's ASI surged by 7.26%.

MAJOR INDICES WEEKLY PERFORMANCE (% change)

COTE D'IVOIRE BRVM COMP 1.18%, EGYPT EGX30 -2.39%
KENYA NSE ASI -2.76%, MOROCCO MASI 1.66%, NAMIBIA FTSE/NSX OI 3.6%, NIGERIA ASI 0.25%, SOUTH AFRICA JSE/TOP40 0.24%, TANZANIA DSE ASI 1.14%, TUNISIA TUNINDEX 0.24%, UGANDA ASI -0.14%, ZAMBIA LSE ASI -1.32%, ZIMBABWE ZSE IND 20.60%.

HIGHLIGHTS in AFRICAN BUSINESS



• Nigeria's Kuda launched a Covid-19 fund to provide for the less privileged in Lagos. The tech startup has taken it upon itself to purchase and distribute food and other essentials to the poor and vulnerable (Picture: CEO Babs Ogundeyi)



• Johannesburg-listed Barloworld said it will implement group-wide retrenchments as coronavirus 'severely affects' its business. "Retrenchment processes are expected to be completed by the end of the current financial year" the conglomerate said. (Picture: Barloworld CEO Dominic Sewela)



• Zambia's Zesco signed contracts worth \$548 million with Power China to develop three solar power plants that will add 600 megawatts (MW) to the national grid, the Lusaka-based state-owned electricity company said. (Picture: ZESCO Managing Director, Victor Mundende)



• Ugandan warehousing tech platform operator Logistify AI is eyeing entry into the Kenyan market. "Kenya is a tech hub that offers our business an opportunity for growth" Founder and CEO Daniel Emaasit (pictured) told the Nairobi-based Business Daily.

NEWS TO WATCH

AfCFTA delayed but vital

Africa's free trade area (AfCFTA) which was due to be implemented on July 1, is delayed by the coronavirus, but experts say it's vital to recovery. It will be the largest free trade area in the world, uniting 1.3 billion people in a \$3.4 trillion economic bloc, and came after protracted negotiations between the leaders of 54 African nations. Intra-Africa trade will be key to getting the region's nations back up and running, according to Thomas Birgen, Nairobi-based Treasury Manager for AZA, Africa's largest non-bank currency broker.

Capital importation in Nigeria rises

The total value of capital importation into Nigeria rose to \$5.85 billion in the Q1 2020, representing an increase of \$2.05 billion when compared to \$3.80 billion in the preceding quarter, according to the National Bureau of Statistics. Portfolio investment accounted for the largest share of capital importation with 73.61 per cent of \$4.30 billion of total inflows, followed by other investment.

Zambia picks debt advisers

Zambia's government has picked French company Lazard Freres to provide financial advisory services regarding liability management for its debt portfolio, Secretary to the Treasury Fredson Yamba said. Zambia is Africa's second largest copper producer.

FDI in Tunisia drops 24%

Foreign investments in Tunisia declined by 24.1% during Q1 2020 to the level of 461.7 million dinars, (equivalent to \$162 million) according to the country's Foreign Investment Promotion Agency (FIPA). The investments of the financial portfolio (stock market investment) decreased from 4.6 MD at the end of March 2019 to 1.9 MD in March 2020.



MSCI

▶ South Africa 0.52%

▶ EFM Africa EX SA 0.61%

(Note: Weekly Change %)



TOPICS IN BRIEF

Politics-Law-Crime Social-Economy

George Floyd, 46, an unarmed African-American died after being apprehended by the police in Minneapolis, Minnesota, USA over an alleged attempt to use a counterfeit bill. His death drew hundreds of people to the streets of the city on Tuesday (May 26).

US President Donald Trump on Wednesday (May 27) threatened to close down social media platforms. The threat came after Twitter added fact-check links to his tweets for the first time.

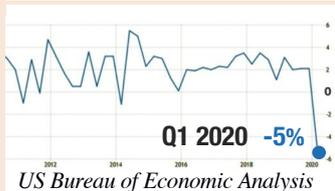
Venezuela's Central Bank (BCV) and United Nations Development Programme (UNDP) agreed to use part of the Latin American nation's gold deposited in the Bank of England to acquire food and medicine to face the Covid-19 pandemic, BCV President Calixto Ortega declared according to TeleSUR.

The IMF approved on Thursday (May 28) Peru's request for a two-year \$11 billion flexible credit line designed for crisis prevention while on Friday it approved a two-year \$24 billion credit line for Chile. Former police officer Derek Chauvin who knelt on Floyd's neck for over eight minutes after detaining him was charged on Friday (May 29) with third-degree murder.

Trump said that the country will "terminate" the relationship with the World Health Organization because of China's alleged "total control" of the agency.

Demonstrations that broke out in Minneapolis over the death of Floyd spread across the US on Saturday (May 30) as people took to the streets to protest police violence.

CHART of the WEEK



● US GDP Contracts

US real gross domestic product decreased at an annual rate of 5.0% in first quarter of this year, as the pandemic forced several states to impose lockdown measures in mid-March, throwing millions of people out of work. It was the biggest quarterly decline since an 8.4% fall in the fourth quarter of 2008.

MARKETS REVIEW

Stock rally continues but tensions intensify

● **US:** In a short Memorial Day week, US stocks posted strong gains. Optimism fueled by world economies taking more reopening steps seemed to be the primary driver of sentiment. Investors also took heart on economic data which surprised on the upside. New home sales rose 0.6% in April while durable goods orders outside of the transportation segment fell 7.4%, roughly half as much as anticipated. Markets were also lifted by officials' statements, including Federal Reserve Bank of New York President John Williams who said the U.S. economy could see a strong recovery in the second half of the year. The S&P moved above 3,000 and closed the month up 32% from the March 23 low. Markets turned negative late in the week amid worsening US-China tensions. During a much-awaited news conference, Trump lashed out at China but traders seemed relieved that he did not announce new tariffs or a withdrawal from the phase one trade agreement. The tech sector and communications services came under pressure after Trump threatened to close social media platforms.



Samuel Torres
Prof.
MBA & Markets

● **LATIN AMERICA:** Latin America ends May in a context marked by the pandemic, the internal recession and influenced by Trump-China. Brazil closes the first quarter with a fiscal deficit close to 10% of the GDP (9.57%), unemployment rate at 12.6%, and GDP falling 1.5% due to the coronavirus pandemic. In Mexico, which is set to reopen economy by June 1, industrial, services and consumer goods sectors pressed the indices down.

Colombia cut its benchmark interest rate to 2.75%, unemployment rate hit 23.5% in April and the country expects contraction of 5.5% at the end of 2020. Chile's LATAM, the largest airline in Latin America declared bankruptcy in the US while in Panama, the flag carrier COPA is preparing to resume flights on June 26 with 30% of its fleet. In Argentina, the Merval, began to correct on Wednesday, followed by Thursday, as the country and its creditors are getting closer to a deal. Finally, in Caracas, the IBC ended with a positive variation of 0.15% at the end of Friday. Venezuela's gold deposited in the Bank of England will be destined to serve Venezuelans. Still there is no confirmation from London. Meanwhile, international donors pledged a total of €2.544 billion for supporting Venezuelans and 12 tonnes of UN humanitarian aid arrived in the country.

MAJOR INDICES WEEKLY PERFORMANCE (%change)

ARGENTINA: Merval -7.66%, BRAZIL: BOVESPA 6.36%, CANADA: TSX COMPOSITE 1.87%, CHILE: IPSA -2.04%, COLOMBIA: COLCAP 3.61%, JAMAICA: JSE -0.83%, MEXICO: IPC 0.95%, PERU: S&P LIMA GENERAL 1.51%, VENEZUELA: BVCC 5.68%, USA: S&P 500 3.01%, USA: DJIA 3.75%, USA: NASDAQ COMPOSITE 1.77%.

AMERICAN BUSINESS HIGHLIGHTS



● American Airlines will cut management and support staff by 30%. "We need to reduce our cost structure, including our most significant expense—the cost of compensation and benefits" Elise Eberwein, AA's EVP of people & comm, wrote in a note.



● Brazil's largest TV network Globo has lost over 350,000 subscribers after the suspension of national soccer championships due to the Covid-19. The termination of subscriptions represents a loss that could range from R\$28-41 million. (Picture: Jorge Nóbrega CEO Globo)



● Enel's Chilean subsidiaries Enel Chile and Enel Generacion Chile informed the market that their boards of directors took the decisions to accelerate the closure of its Bocamina coal-fired power plant, located in Coronel. (Picture: Enel LATAM head Maurizio Bezzeccheri)

NEWS TO WATCH

NYSE trading floor reopens

The New York Stock Exchange (NYSE) reopened its trading floor on May 26, after a two-month closure due to the coronavirus pandemic. Under the NYSE changes, only a quarter of the normal number of traders are allowed to return to work. By the time the trading floor closed, the S&P 500 had plummeted and the DJIA index had sunk well below the 20,000 mark.

Trudeau asks bank CEOs views

Canadian PM Justin Trudeau has spoken to the heads of the country's six big banks to get their views on the state of the economy and the COVID-19 relief efforts, the Globe and Mail reported, citing multiple sources. This was Trudeau's first one-on-one dialogue with the CEOs since the beginning of the coronavirus outbreak, according to the report.

48% of Mexicans say economy gets worse

A May 15-21 phone survey of 500 residents of Mexico by polling firm Buendia & Laredo for newspaper El Universal showed that 48% regarded the economic situation as worse than half a year ago. Many expect a recovery to take more than a year. The Mexican economy shrank by 1.6% in Q1 2020 its biggest contraction in over a decade.

Iranian tankers arrive in Venezuela

Four of five Iranian fuel tankers arrived in Venezuela this week, to bring gasoline and related products as part of bilateral energy deals signed by both countries which are sanctioned by the US. The last ship is expected to arrive on June 1.

The shipments include 1.53 million barrels of gasoline and alkylate gasoline aboard five Handysize and Handymax oil and chemical tankers, according to TankerTrackers.com, a research firm that monitors ship movements.

MSCI

- ▶ North America **3.04%**
- ▶ EM Latin America **6.26%**

(Note: Weekly Change %)



TOPICS IN BRIEF

Politics, Int. Relations, Law, Health

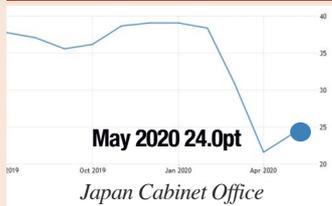
Prime Minister Shinzo Abe lifted on Monday (May 25) the state of emergency in all remaining parts of the country, including Tokyo. New Zealanders will be able to gather in groups of up to 100 from Friday (May 29) NZ Prime Minister Jacinda Ardern announced.

The Social Democratic Liberal Party, the main opposition party in Fiji's parliament, on Tuesday (May 26) was suspended from parliament for 60 days.

China's Parliament overwhelmingly voted on Thursday (May 28) to approve a new law imposing national security legislation on Hong Kong. In response to the legislation's passage, the UK, the US, Australia and Canada said it would threaten freedom and breach the document that sets out Hong Kong's partial autonomy, the 1984 Sino-British Joint Declaration. But Hong Kong Chief Executive Carrie Lam said her Government would fully cooperate with China to "complete the relevant legislative work as early as possible".

The Hong Kong government on Friday (May 29) urged the US to stop interfering in its internal affairs and warned Washington against revoking its special trading status. "Any sanctions are a double-edged sword that will not only harm the interests of Hong Kong but also significantly those of the US," the Hong Kong government stated. Earlier, US Secretary of State Pompeo claimed Hong Kong doesn't deserve the special status anymore.

CHART of the WEEK



Japan Consumer Confidence increases

Japan's consumer confidence rose for the first time in five months in May but remained near a record low. The seasonally adjusted index of sentiment among households made up of two or more people stood at 24.0, up from an all-time low of 21.6 in April. The survey was conducted May 8-20, covering 8,400 households.

MARKETS REVIEW

Japan leads gains Hong Kong Underperform

JAPAN: Equities surged as Japanese Prime Minister Shinzo Abe lifted the state of emergency for the five last remaining prefectures including Tokyo, which generates about one-third of Japan's gross domestic product (GDP). Abe's announcement which came a week earlier than expected, boosted investor confidence.

The benchmark Nikkei 225 hit pre-lockdown levels this week having steadily climbed since the mass sell-off of late March. Adding to optimism, the Bank of Japan (BoJ) offered on Tuesday to pump 1.7 trillion yen (\$15.8 billion) into the economy under its lending scheme aimed at channelling money to cash-strapped firms suffering from the coronavirus pandemic.

The BoJ also revealed on Wednesday that government bond holdings rose to ¥486 trillion (\$4.5 trillion) in the January-March period which is a 3.4% increase compared to last year. The bond-buying spree is expected to increase even more throughout the rest of 2020.

Meanwhile, the government compiled a second extra budget totaling JPY 117 trillion (USD 1.1 trillion). The latest stimulus package brings total supplementary additions to more than 200 trillion yen (\$1.85 trillion). The total represents approximately 40% of Japan's annual GDP.

CHINA: Chinese markets posted advances. Hong Kong was an exception, where equities underperformed amid escalating tensions between the US and China. The National People Congress (NPC) voted to impose national security law on Hong Kong which sparked renewed street protests in the city and US President Donald Trump announced that Washington will take measures to eliminate special treatment for the Asian financial hub, where around 1,300 American companies operate.

In central bank related news,

People's Bank of China's governor Yi Gang stated the financial institution will make its monetary policy more flexible to ensure liquidity amid the coronavirus crisis. In another positive move, the NPC unveiled a fiscal stimulus package of over RMB 8.5tn, or 8.2% of GDP.

MAJOR INDICES WEEKLY PERFORMANCE (%change)

AUSTRALIA ASX200 4.71%, CHINA SSE COMP 1.37%, CHINA SZSE COMP 1.95%, INDIA NIFTY50 5.86%, INDIA SENSEX30 5.71%, JAPAN NIKKEI225 7.31%, MALAYSIA KLCI 2.54%, NEW ZEALAND NZX50 2.06%, SINGAPORE STI 2.62%, PHILIPPINES PSEI 5.41%, TAIWAN TWI 1.21%, THAILAND SET 2.98%

HIGHLIGHTS in ASIA&PACIFIC BUSINESS



• Japanese beer maker Asahi plans to borrow 1.19T yen from Sumitomo Mitsui Banking Corporation to complete its purchase of Anheuser Busch InBev's Australian business. The transaction is expected to be completed on June 1. Picture: (Asahi CEO Akiyoshi Koji)



• India-based Ola Electric has acquired Dutch electric scooter startup Etergo. Ola did not reveal the terms of the deal but said it plans to launch its electric two wheeler in India next year. (Picture: founder of Ola Bhavish Aggarwal)



• Fiji Airways announced it would cut more than half of its staff. Remaining staff will have their salaries cut by 20% effective June 1. Fiji Airways CEO Andre Viljoen said the measures would help ensure the survival of the carrier.



• Tencent Holdings plans to invest 500 billion yuan over the next five years in cloud computing, AI, blockchain technology and Internet of Things. Chinese internet giant recently reported its Q1 revenue rose 26% to \$15.24 billion.

NEWS TO WATCH

China's SWF seeks resilient assets

China Investment Corp. (CIC) is looking for more resilient assets in markets battered by the coronavirus pandemic as the nation's \$941 billion sovereign wealth fund seeks to boost long-term returns, Executive Vice President Zhao Haiying said in an interview with Bloomberg News. The Beijing-based company added to its investments in credit markets in recent months, especially investment-grade loans in the U.S., CIC's overseas investments returned about 17% last year based on unaudited results.

Aussie directors get reprieve on disclosure

Companies providing profit guidance will be relieved from continuous disclosure rules for the next six months. "Given the impact of the coronavirus crisis and the uncertainty it continues to generate, it has been considerably more difficult for companies to release reliable forward-looking guidance to the market," Treasurer Josh Frydenberg said on Monday. "The Morrison government will temporarily amend the continuous disclosure provisions that apply to companies and their officers to enable them to more confidently provide guidance to the market during the coronavirus crisis."

BoJ bond holdings rise

The Bank of Japan revealed on Wednesday that government bond holdings rose to ¥486 trillion (\$4.5 trillion) in Q1 2020 which is a 3.4% increase compared to last year.

The bond-buying is expected to increase even more throughout the rest of 2020, as the BoJ had previously said it would purchase an unlimited number of bonds with the goal of fighting the economic crisis caused by the coronavirus pandemic. On Tuesday, BoJ pumped nearly \$16 billion to economy via its loan scheme aimed at boosting loans to companies.



MSCI

► AC Asia Pacific **4.19%**
► Asia ex Japan **1.53%**

(Note: Weekly Change %)



TOPICS IN BRIEF

Politics, Health, Defence, Social, Election

Austrian Chancellor Sebastian Kurz announced on Monday that the government would be allocating €1 billion to local authorities to help them fight the impact of the coronavirus crisis. Montenegro's prime minister declared the Balkan republic of 620,000 people the first coronavirus-free country in Europe.

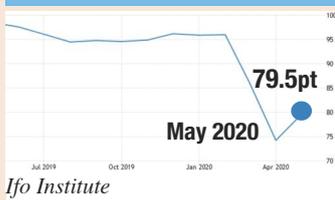
The Spanish government is planning on lifting the two-week coronavirus quarantine requirement for overseas arrivals on July 1. Foreign Minister Arancha González said in a tweet. Germany on Tuesday extended its social distancing measures until June 29. European Council President Charles Michel said that the pandemic will not only have "huge economic effects," but it will also have strong geopolitical ones.

Russia started building its first stealth bomber, also known as the Perspective Aviation Complex for Long-Range Aviation programme, according to TASS. Hungary, Slovakia and the Czech Republic open their borders to each others' citizens from midnight on Tuesday, with some conditions.

Hungarian Foreign Minister Peter Szijjarto said. Polish PM Mateusz Morawiecki said he is confident Poland's presidential election will be held in June.

Georgia's PM Giorgi Gakharia said the country will restart public transport and reopen shops, shopping malls and cafes and restaurants before June 8.

CHART of the WEEK



German Business Climate improves

Sentiment among German companies has recovered somewhat after a catastrophic few months. The Ifo Business Climate Index rose from 74.2 points in April to 79.5 points in May. Even though companies once again assessed their current situation as slightly worse, their expectations for the coming months improved considerably. Nevertheless, many companies are still pessimistic.

MARKETS REVIEW

Stocks shine in rising markets

All major European stock markets posted strong advances with the pan-European STOXX Europe 600 Index ending the week 3.0% higher. Fresh fiscal stimulus proposals from the European Union helped underpin investor sentiment.

The European Commission proposed Wednesday a €750 billion recovery plan to help limit the damage inflicted by the coronavirus pandemic. The plan would provide €500 billion in grants to countries hit hardest by the pandemic such as Italy and Spain, and make another €250 billion available as loans. The €500 billion would be obtained through bond issuing and the proposal suggests repaying starts after 2027, with the maximum maturity for bonds being 2058.

The Commission's move comes close on the heels of last week's proposal from Germany and France to set-up for a 500 billion-euro fund to address the economic damage caused by the outbreak.

Next Generation EU

According to the statement on the EU governing body's website, the new recovery instrument, dubbed Next Generation EU, will consist of €750 billion "as well as targeted reinforcements to the long-term EU budget for 2021-2027, and will bring the total financial firepower of the EU budget to €1.85 trillion.

"The budget plan will now be subject to fierce negotiation among EU heads of state and government, and requires unanimous approval by all 27 nations in the bloc.

Top officials hope to reach a deal by summer. As Germany's foreign minister Heiko Maas said on Friday,

"We're a long way off being able to successfully conclude the negotiations." Staying in Germany, where the GDP dropped 2.3% YoY in Q1, the country's ruling coalition is preparing to give €50,000 per month to small firms, local media reported.

MAJOR INDICES WEEKLY PERFORMANCE (%change)

BELGIUM BEL20 7.91%, DENMARK OMXC25 1.95%, FRANCE CAC40 5.65%, GERMANY DAX 4.61%, ITALY FTSE MIB 5.07% NETHERLANDS AEX 1.56%, NORWAY HEX 5.30%, PORTUGAL PSI20 2.11%, RUSSIA MOEX 0.94%, SPAIN IBEX35 5.96%, SWEDEN OMXS30 4.77%, SWITZERLAND SMI 1.37%, UK FTSE100 1.20%.

HIGHLIGHTS in EUROPEAN BUSINESS



• France's Total entering Spain's electricity market through the purchase of assets from Portugal's EDP shows how competition is increasing in the country, the Chief Executive of utility Naturgy told reporters on a conference call after a shareholders meeting.



• Michele Norsa (pictured) returns to Italian luxury group Salvatore Ferragamo as Executive Deputy Chairman on May 28. Norsa helmed the Florence-based company for 10 years, publicly listing it in 2011 and exiting in 2016.



• Aston Martin named Mercedes-AMG head Tobias Moers (pictured) as its new CEO, replacing Andy Palmer who has stepped down. Moers, has worked for Mercedes-AMG since 1994, will replace Palmer on Aug. 1, the luxury sports-car maker said.



• Sanofi SA has sold half of its stake in US biotech company Regeneron in a \$6.1bn deal. The French pharma major said it will spend proceeds on developing new drugs and new acquisitions. (Picture: Paul Hudson Sanofi CEO)

NEWS TO WATCH

ECB officials on negative rates

The European Central Bank (ECB) Governing Council Member and Bank of France Governor Francois Villeroy de Galhau stated on Thursday (May 28) that the negative interest rates are an effective policy tool. He also noted, however, that households and companies should not be provided with negative lending rates. ECB's Vice President Luis de Guindos stressed on Wednesday that "there is no alternative to current ECB monetary policy of negative rates."

Hungary tightens rules for foreign investors

Foreign investors in Hungary will have to apply for a special permit in order to acquire more than 10% of local companies deemed strategically important, according to a decree published on May 26. The term "foreigner" is applying to investors from outside the EU, the European Economic Area (EEA) and Switzerland. The rules will be in place for the rest of 2020.

Uzbekistan may hand over state airline

Uzbekistan is considering letting a foreign company manage Uzbekistan Airways, its flagship carrier which has been hit hard by the coronavirus lockdown. President Shavkat Mirziyoyev's office said on Monday. Uzbekistan Airways operates 16 Boeing and 11 Airbus planes and carried 3.8 million passengers last year.

Denmark's economy to shrink by 5.3%

The Danish economy is facing its biggest contraction since World War Two this year as a result of global coronavirus lockdown measures, Finance Minister Nicolai Wammen said. The finance ministry now expects the economy to shrink by 5.3% this year.



MSCI

► Europe **6.05%**
► Large Cap **4.35%**

(Note: Weekly Change %)



TOPICS IN BRIEF

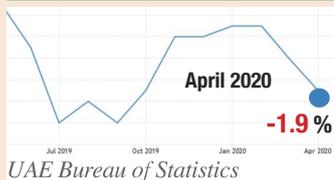
Politics, Law, Health, Int.Relations

Israel will not miss a "historic opportunity" to extend its sovereignty to parts of the West Bank, Prime Minister Benjamin Netanyahu said on Monday (May 25), a step a step Palestinians consider as illegal annexation of occupied land they seek for a future state.

Jordan's cabinet decided to allow civil servants to return to work on May 26 following a break of around two months. Saudi Arabia will end curfew with the exception of the holy city of Mecca, from June 21, the state news agency reported in a statement early on Tuesday (May 26).

The United States has decided to end sanctions waivers allowing Russian, Chinese and European firms to continue work at certain Iranian nuclear sites, a US official and another source told Reuters. The decision was first reported by the Washington Post. US and NATO officials said that US troop strength in Afghanistan is down to nearly 8,600, well ahead of a schedule agreed with Taliban in late February.

CHART of the WEEK



UAE consumer prices weaken

Consumer prices in the United Arab Emirates declined 1.9% y-o-y in April of 2020, following a 1.6% fall in the previous month. This was the sixteenth straight month of deflation and at the steepest pace since last October. Main downward pressure came from prices of transport, recreation & culture, restaurants & hotels and housing, as the effects of the coronavirus crisis intensified.

MARKETS REVIEW

Equities rise as economies reopen

Middle Eastern stock markets traded mostly in the green on Sunday (May 31), amid reopening optimism. Saudi Arabia led the gains in the region, as the kingdom began the second phase of easing lockdown restrictions. Rhyad's Tadawul surged 4.1% before reducing gains to 1.7% with banks boosting the index by the most. The local market was closed for the Eid-al-Fitr holiday all of last week, as well as other markets were closed during some days of the week. Elsewhere in the Gulf, Kuwait and the emirate of Dubai also moved to ease their lockdown measures, which together with a collapse in oil prices have pushed the region into its worst economic crisis in decades.

S&P sees Abu Dhabi GDP contracting

Speaking of the UAE, Abu Dhabi's real gross domestic product (GDP) is expected to contract by 7.5% this year because of lower oil production and the impact of the new coronavirus outbreak, S&P Global Ratings said in a report dated May 29. The fiscal deficit of the oil-rich emirate in the seven-member UAE federation will rise to about 12% of GDP this year from 0.3% in 2019 due to the low oil prices, the ratings agency estimated. It added it expects smaller emirates in the United Arab Emirates (UAE) to receive "extraordinary financial support" from the UAE, with the backing of Abu Dhabi-which pumps most of the UAE's oil-in the event of financial distress. Stocks in Abu Dhabi, Egypt and Oman also advanced on Sunday while in Dubai, Israel, Kuwait and Qatar, they dropped slightly.

MAJOR INDICES WEEKLY PERFORMANC (% change)

24-28/05/2020 (unless stated otherwise)

ABU DHABI ADX GENERAL 0.16%, BAHRAIN ASI 0.45%
IRAQ ISX60 -0.91%, IRAN TEDPIX -5% - (23-27/05/2020)
ISRAELTA35 1.09%, LEBANON BLOM 0.82%(25-29/05/2020)
PALESTINE AL-QUDS -0.29% OMAN MSM30 3.31%, QATAR
QE GENERAL 1.58%, SAUDI ARABIA TADAWUL 4.97%
TURKEY BIST100 2.42% (25-29/05/2020)

HIGHLIGHTS in MIDDLE EAST BUSINESS



UAE's global port operator DP World partners with TradeLens, a blockchain-based digital container logistics platform. "By working with TradeLens, we will accelerate the digitisation of global trade. Sultan Ahmed Bin Sulayem, group chairman and CEO of DP World said.



Qatar Airways says it plans to fly a summer schedule to more than 80 destinations worldwide. Qatar Airways' CEO Akbar al-Baker said earlier this month would be "very surprised" if travel demand recovered before 2023-2024.

NEWS TO WATCH

Saudi Prince and Putin pledge coordination

Saudi Arabia and Russia agreed to closely coordinate on the OPEC+ output cuts deal, two weeks ahead of a crucial OPEC+ meeting. Russian President Vladimir Putin and Saudi Arabia's Crown Prince Mohammed bin Salman discussed the oil market situation in phone call, the Kremlin announced.

IMF talks in Lebanon

Lebanon began talks with the IMF. "The discussions are constructive and cover many areas including capital controls, financial sector restructuring, and structural reforms to address losses in the economy and to create conditions for higher and more inclusive growth," a spokeswoman said.

UAE fuel prices unchanged

June fuel prices have been released by the UAE Fuel Price Committee. The prices per litre are: Super 98: Dhs1.91 Special 95: Dhs1.8 Diesel: Dhs 2.06 This is the second month in a row that prices have remained unchanged.

World's top 2,000 list includes 40 Arab companies

This year's Forbes Global 2000 list saw the inclusion of 40 companies from the Arab world in the magazine's ranking of the world's top 2,000 companies, based on assets, profits, revenues, and market value. Oil giant Saudi Aramco made its debut in the fifth place as the most valuable company in the world.

MSCI

EM Europe Middle East

2.37%

(Note: Weekly Change %)



World Markets Weekly Report is published every Sunday, by Europapropress Srl, based in Bucharest, Romania. If you wish to read it on paper, you can print it on a A4 size

paper. To contact us send an email at: wmweekly@europapropress.ro
DISCLAIMER: The content of World Markets Weekly Report is for informational purposes

only and should not be interpreted as specific investment advice. Indices are not meant to depict an actual investment. Past performance does not guarantee future results. Divi-

dends may be increased, decreased or eliminated at any time without notice. Investors should understand the risks involved of owning investments, including interest rate risk.

Published by
EuropaProPress Srl
116 Constantin Brancoveanu Bd.
Ap.138, District 4, Bucharest-RO

Commerce Registry Code:
J40/12206/2016
Tel: +40 314.228.321 Emails:
General Enquiries:
contact@europapropress.ro

Advertising:
sales@worldmarketsdaily.com
Subscriptions:
subscribe@worldmarketsdaily.com
Editor-in-chief:

Kyriaki Balkoudi
Publishing Consultant
Emanuel Kretikos
Accounting
Diplomat Conta Srl