

The Weekly Snapshot

25 May

ANZ Investments brings you a brief snapshot of the week in markets

Global equity markets recorded solid gains last week as optimism rose over the easing of lockdowns and some hopes on the COVID-19 (coronavirus) vaccine front. For the week, in the US, the S&P 500 rose around 3%, while tech stocks continued to outperform with the NASDAQ gaining nearly 3.5%. Meanwhile, in Europe, the FTSE rose 3.3%.

In New Zealand, the NZX 50 ended a three-week winning streak, ending the week down around 0.5%.

What's happening in markets

There was some positive news on the coronavirus vaccine front last week when on Monday, pharmaceutical company Moderna said results of its Phase 1 clinical trial showed patients had developed neutralising antibodies. The results were promising enough that the US Food and Drug Administration approved a Phase 2 trial, which the company said will begin shortly.

In a [press release](#), Dr. Tal Zaks, Chief Medical Officer at Moderna said: "These interim Phase 1 data, while early, demonstrate that vaccination with mRNA-1273 elicits an immune response of the magnitude caused by natural infection."

It should be noted, the Moderna vaccine results have yet to be peer-reviewed.

Elsewhere, British drug maker AstraZeneca received US\$1 billion in funding for its vaccine project.

Economic data continued to come in on the weaker side. In the US, jobless claims came in at 2.4 million and both existing home sales and housing starts data were worse than expected.

In Japan, growth data showed the economy fell into recession with GDP falling 3.4% on an annualised rate in the first quarter of 2020, this following a decline in the final quarter of 2019.

And in New Zealand, retail sales fell 0.7% in the first quarter of 2020, with big drops in accommodation and motor vehicles, while there was a big jump in supermarket and alcohol sales.

In geopolitics, tensions between the US and China returned when it was announced China was seeking to pass a law that would ban treason, secession, sedition and subversion in Hong Kong, bypassing local lawmakers. US Secretary of State Mike Pompeo condemned the plan, calling it a "death knell" for the city and residents' freedoms. Hong Kong operates under a "one country two system" policy, which allows freedoms the rest of China does not have, which includes criticism of the Chinese government.

Finally, in New Zealand, Todd Muller ousted Simon Bridges as leader of the National Party as recent polls showed the party was well behind Labour.

What's on the calendar

It's a shortened week in some offshore markets with the US and UK markets closed on Monday for Memorial Day and May bank holiday respectively.

Despite the shortened week, there are some key economic data slated for release, including:

- Michigan consumer sentiment and current conditions will give an update on how consumers view the economic situation amid the coronavirus pandemic.
- The second reading of US first-quarter GDP is expected to come in at or around its first reading.
- US durable goods orders for April.
- The final reading of first-quarter German GDP.
- ANZ Business Confidence for May.

Elsewhere, foot traffic and anecdotal economic activity will again be closely watched as all 50 states in the US and many countries are slowly re-opening.

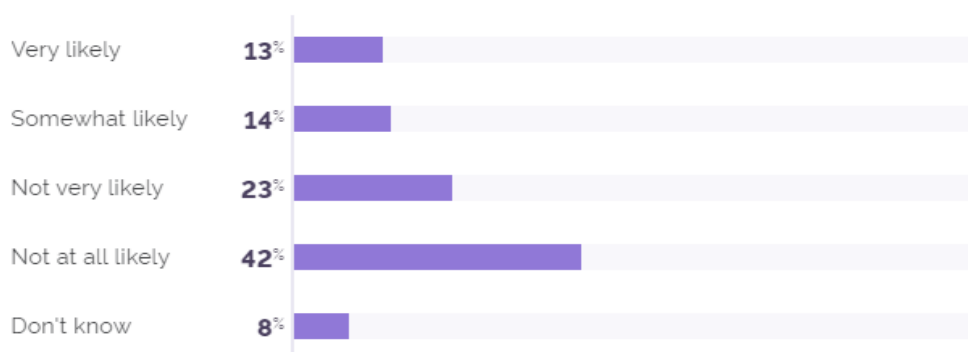
Apple has a good mobility tracking website you can visit here - <https://www.apple.com/covid19/mobility>

Chart of the week

Despite states beginning to re-open, a survey of more than 25,000 US adults showed around two-thirds were either not very likely, or not at all likely to eat at a 'buffet-style' restaurant.

When restrictions are lifted in your state, how likely are you to eat at buffet-style restaurant?

All adults Region Gender Politics Age Income Level



Here's what we're reading

The Guardian does a nice job of breaking down exactly what's happening in Hong Kong, what the laws are and why they are so controversial - <https://www.theguardian.com/world/2020/may/21/hong-kongs-security-laws-what-are-they-and-why-are-they-so-controversial>

Doordash and pizza arbitrage: The headline should be enough to get you interested. It's a look into the world of the gig economy and how companies try to obtain market dominance at any cost - <https://themargins.substack.com/p/doordash-and-pizza-arbitrage>

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