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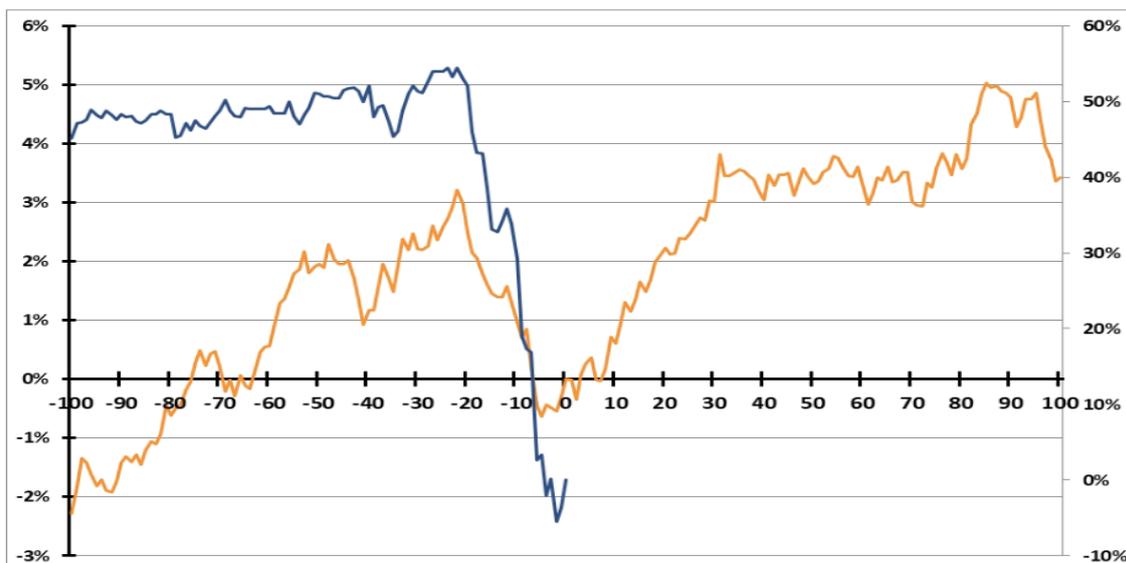
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April, April ...

"Just an April Fool's joke" - how we would like to say that this year in relation to the Corona virus. But the virus, and even more so the economic effects are unfortunately absolutely real. Will April now bring the hoped-for reversal of the equity market?

April is under a much better star on the stock markets than March. The stock market is drawing strength from the dividends, which normally flow abundantly in Europe until the end of May. But how much will this argument bear in 2020, when many companies will have to cut dividends in the foreseeable future or the necessary shareholder meetings cannot take place at all?

So far, despite the substantial markdowns in March, the shares are still following their seasonal pattern - but unfortunately negatively "leveraged". Nevertheless, this favours the expectation of a price rebound in the next 20 trading days, as also reflected in the weekly sentix data (see our weekly analysis of Sunday):



DAX Index: Average performance since 1990 and current year

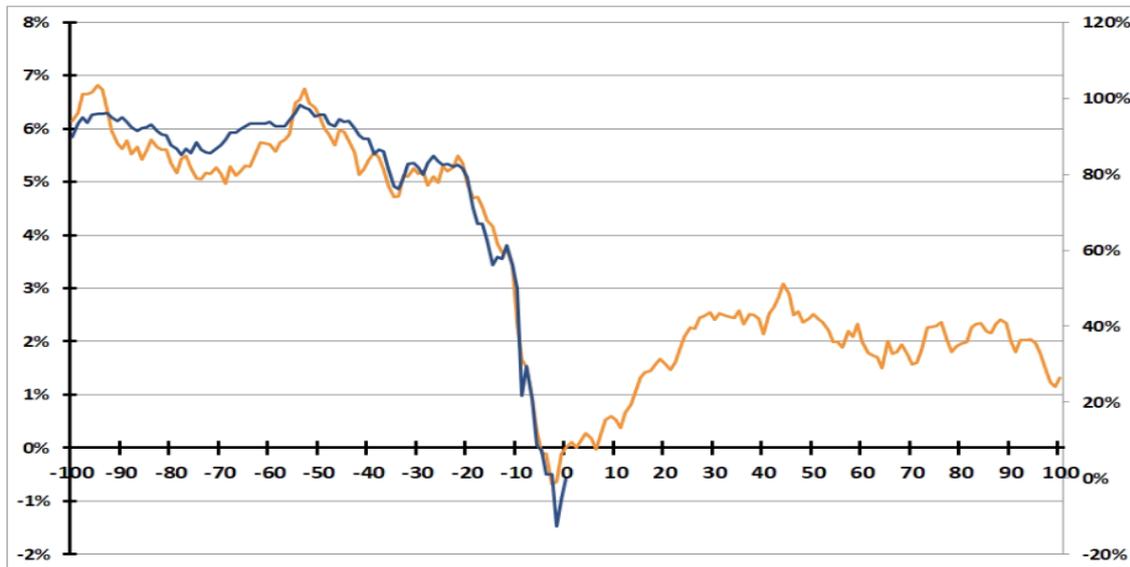
However, one should not delude oneself that the upswing can become so strong that the stock market can completely compensate for the losses or even - as in the seasonal pattern - reach a new annual high. A 50% correction would probably already be a great success.

One market segment that has been hit hard in recent weeks is the oil sector.



The dispute over production quotas between Saudi Arabia and Russia has led to a massive drop in oil prices. This is not typical for the season. The months February to May are actually considered good months for the oil price.

It is all the more interesting that oil stocks have so far also remained true to their seasonal pattern. Although the mark-downs in March were unusually strong here as well, they were not unusual. This suggests that this sector might also recover in the coming days / weeks:



STOXX 600 Energy stocks: average performance since 1990 and current year

Now that the corona virus has almost completely paralysed public life, people and investors should "get used" to this new state of affairs. Not only life, but also the volatility on the markets could (hopefully) slow down somewhat.

The "easing of pain" is likely to be the driving force behind a certain recovery in equity prices. Whether more can come out of this is determined by the question of whether and how quickly collateral damage is reported in the economy that cannot be eliminated by government intervention. After Easter, the next phase in overcoming the crisis will begin. Then comes the litmus test for the "hope rally".

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