

SINGIN' IN THE RAIN



From Singin' in the rain, directed by Stanley Donen and Gene Kelly

Piazza Affari is “singing in the rain”; under the rain of dividends calculated at around 26 billion euros and ready to pour into the investors’ pockets. A number that is equivalent to 4.3% of the total capitalization of Milan’s Stock Exchange: a result that is clearly greater than the yield offered by the 10-year Btp (below 3%).

At the top of the list of the companies that are offering the highest dividend yield, there is Fiat Chrysler: the car manufacturer started distributing the dividends after ten years. The dividend will yield 4.9%, or € 0.65 per share, and will be detached on April 23rd. Analysts also hypothesize the approval, during the next meeting of April 12th, of an extraordinary dividend, that will be used to distribute a slice of the over 6 billion collected with the sale of Magneti Marelli. According to some projections the figure should be around 1.9 euros per share. But Fiat Chrysler is in the spotlight also for another reason. The Financial Times has announced an agreement with Tesla, the electric car brand founded by Elon Musk, to comply with the European

*I walk down the lane
with a happy refrain
Just singin', singin' in
the rain*

Dancing in the rain,

I'm happy again

*I'm singin' and dan-
cing in the rain*

*I'm dancing and sin-
gin' in the rain*

limits on CO2 emissions. The agreement, which according to the British newspaper is worth “hundreds of millions”, is possible thanks to a mechanism envisaged by the European Union: in essence, the companies that risk to exceed the parameters can buy “green quotas” from other car companies that result virtuous.

After filing the “happy refrain” of the Milanese dividends and the Fiat-Tesla agreement, this week the focus of markets will be the central banks. The ECB’s meeting and President Mario Draghi’s press conference will take place tomorrow. On the same day, the Federal Reserve will publish the minutes of March’s last meeting. The US President Donald Trump said last week that the institute led by Jerome Powell should cut interest rates.

But the USA are also being observed from a macroeconomic point of view. Industrial orders fell by 0.5% in February while they remained virtually unchanged in January. However, analysts had expected a decline of 0.6%. Continuing on the macro front, the result of the trade balance has emerged in Germany, which in February recorded a surplus of 18.7 billion euros; data was better than expected (+17 billion).

If we pass from Goethe’s to Shakespeare’s country the sky turns gray. No raincoat or umbrella will do and certainly there is little to sing: Theresa May has been submerged by a shower of criticism for her repeated failures in the attempt of getting the Parliament to vote on a Brexit agreement. The premier then sent a request to Europe to extend the UK exit deadline until June 30th. According to the BBC and the Financial Times, the EU would be in favor of granting an extension, longer than the one proposed by May: at least between 9 and 12 months.

Meanwhile conservatives and laborers could find a compromise solution for a soft Brexit. Some news should come from tomorrow’s European Council. The markets observe: the important thing is to avoid an exit without agreement.

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Above the trade negotiations between Washington and Beijing the sky seems to be brighter. On Friday, positive signals arrived from both sides. Donald Trump spoke of a “very close” deal, while Chinese President Xi Jinping urged a rapid closure of the agreement. However, the effect of progress in the dialogue between the two superpowers seems to have faded. After last week’s rally, Wall Street could now

have some difficulty in continuing its run. Investors await the publication of the quarterly of several Big, starting on Thursday with BlackRock. We just need to be patience and we will see if under this shower of results there will be singing or not.



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