U.S. stocks rose on Monday, and reports of stimulus measures from China and Germany eased fears of a sharp global downturn. Last week's fall in bond yields heightened fears of a severe slowdown in the global economy.
The S& P 500 index recovered most of the losses recorded last Wednesday after a brief inversion of the yield curve of the two- and 10-year U.S. Treasury bonds. Inversion of the yield curve is often seen as a signal that the economy will slide into recession in the next two years. The S& P 500 has risen in the past three trading days after falling nearly 3% on Wednesday.
On Saturday, the People's Bank of China announced a key interest rate reform measure aimed at deepening market-oriented reform of interest rates, improving the efficiency of interest rate transmission and reducing the financing costs of the real economy. German Finance Minister Scholz hinted Sunday that the German government could provide up to 50 billion euros ($55 billion) in additional spending.
"These are all positive news to boost the risk climate, which lasted a whole day," said Michael O'Rourke, chief market strategist at Jones Trading.