

MARKETS TODAY

Wednesday, July 08, 2020

MARKETS IN BRIEF

- Global stocks faltered today, losing momentum after a 5-day rally, as an increase in new coronavirus cases in some parts of the world undermined prospects for a quick economic recovery.
- U.S. dollar held its ground with increased safe-haven demand.
- Gold remained close to 8.5-year high of \$1800 per ounce.
- Bond markets were focused on a meeting on Wednesday between EU officials to discuss the shape of the EU's recovery fund. German 10-year government debt yield were above a 1-week low of -0.495%. Italian bond yields, which have been the biggest beneficiary of the EU recovery fund proposals, were steady.
- British pound traded near 3-week highs, before British finance minister Rishi Sunak announced his next moves to prevent a wave of job cuts from damaging an already weakened economy.
- Oil prices fell on oversupply fears in addition to weak demand outlook.
- U.S. stocks fell yesterday, halting a 5-day winning streak by the benchmark S&P 500 index, its longest this year and driven by better-than-expected economic data. Investors seems to be in "wait and see mode" ahead of the upcoming earnings session. Q2 earnings season will begin in earnest from next week.

China criticizing U.S.

China criticized the US' planned withdrawal from the World Health Organization (WHO), saying on Wednesday that the move will have grave implications for developing countries. Beijing was urging the international community to step up support for the WHO, Chinese foreign ministry spokesman Zhao Lijian told reporters during a daily briefing. The UN said on Tuesday the US will leave the WHO on July 6, 2021 after receiving notification of the decision by Trump, who has accused the agency of becoming a puppet for China during the coronavirus pandemic. Trump has to pay all Washington's dues under a 1948 joint resolution of the US Congress. The US currently owes the WHO more than \$200mn in assessed contributions, according to the WHO website.

FX & COMMODITIES	LAST	1D
EUR/\$	1.1270	0.01%
GBP/\$	1.2511	0.11%
AUD /\$	0.6931	-0.09%
\$/JPY	107.59	-0.05%
\$/CAD	1.3610	-0.01%
Gold \$	1799.78	-0.02%
WTI \$	40.51	-0.39%
BRENT \$	43.00	-0.30%
AMERICA		
DOW JONES	25890.18	-1.51%
S&P 500	3145.32	-1.08%
NASDAQ	10343.89	-0.86%
EUROPE		
STXE 600	368.96	-0.61%
CAC 40	5043.73	-0.74%
DAX	12616.80	-0.92%
ASIA PACIFIC		
S&P/ASX 200	5920.30	-1.49%
NIKKEI 225	22438.65	-0.57%
CSI 300 (China)	4774.00	0.59%
MENA		
Saudi Arabia	7400.53	0.13%
Dubai	2097.87	0.50%
Qatar	9243.83	0.51%
BONDS		
U.S. 10-year	0.6496	0.0082
German Bund 10-yr	-0.4510	0.0020
AU 10-year	0.8700	-0.0090

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Johnson warning Merkel

Boris Johnson warned Angela Merkel that the UK is ready to do without a trade deal if the EU wasn't prepared to compromise. The PM spoke to the chancellor Tuesday, as Brexit negotiators held informal talks over a private dinner. Negotiations are stuck over questions including fishing rights, the future influence of EU courts in UK laws, and how far Britain will be able to loosen its rules and still enjoy access to the single market. "The PM underlined the UK's commitment to working hard to find an early agreement out of the intensified talks process," Johnson's office said.

Britain to map out next moves

British finance minister Rishi Sunak will announce on Wednesday his next moves to prevent a wave of job cuts from snowballing into a full-blown unemployment crisis in the world's sixth biggest economy. He is already on course to take state borrowing to World War Two levels as he subsidizes 9mn jobs - equivalent to more than a third of private-sector workers - alongside other emergency measures. Britain, with a toll of close to 45,000 coronavirus-linked deaths, has been hit harder by the epidemic than any other European country.

HSBC slumping as U.S. weighs moves

HSBC Holdings Plc, which draws more than two-thirds of its pretax income from Hong Kong, slumped as the US is mulling a move to punish banks in the city and destabilize the currency peg to the dollar. HSBC was specifically mentioned as a potential target, Bloomberg News has reported. Secretary of State Michael Pompeo last month singled out Peter Wong, the bank's Asia Pacific CEO, for signing a petition supporting "Beijing's disastrous decision to destroy Hong Kong's autonomy." HSBC fell as much as 3.1% in Hong Kong, the most in more than three weeks.

BEIRUT S.E.	LAST	1D
SOLIDERE—A	14.03	-2.16%
SOLIDERE—B	13.54	-5.05%
BANK OF BEIRUT	18.8	-
BANK AUDI SAL	0.88	1.15%
BLOM BANK	3.18	-5.64%
BYBLOS BANK	0.45	-
BLC BANK SAL	0.93	-
BANQUE BEMO SAL	1.20	-

FX & COMMODITIES

The US dollar dipped slightly on Wednesday as investors weighed hopes for a swift economic recovery against fears about a resurgence in the pandemic, particularly in the US. Demand for the US currency as a safe haven ticked down as oil prices eased on oversupply fears, stocks dithered in Asia and European bourses opened in negative territory. Risk sentiment was also undermined after Fed officials expressed concern that rising coronavirus cases could harm economic growth just as stimulus measures start to expire. The euro traded flat at \$1.1270 while a recent fall in selling positions against the greenback provided room for possible further drops. The greenback bought 0.9420 Swiss franc, flat on the day.

The British pound rose 0.11% to change hands at \$1.2570 but was stable against the euro at 0.9008 as talks resumed between the Britain and the EU on terms for their future trade relations. Overall the pound held on a nearly three-week high as traders awaited an announcement on Wednesday by British finance minister Rishi Sunak of his next moves to prevent a wave of job cuts from damaging an already weakened economy.

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FX & COMMODITIES

The Norwegian krone was stable at 10.6940 against the euro after data showed the economy rebounded in May after two months of steep declines as a gradual reopening of businesses from coronavirus lockdowns helped turn activity around.

Earlier, the onshore yuan was stable at 7.0176, halting a two-day rally, after the Chinese central bank's daily midpoint for the currency was set at a weaker than expected level. The Australian dollar was flat at \$0.6932 as sentiment for the Aussie stayed weak after coronavirus lockdown measures were reimposed in Australia's second biggest city of Melbourne on Tuesday.

Most emerging market currencies moved lower on Wednesday as safe-haven demand pushed up the dollar, while concerns over rising coronavirus cases capped gains in equities. Weak oil prices continued to pressure Russia's rouble, while its peers in Europe, Africa and the Middle East edged lower. Central European currencies such as the Hungarian forint and the Czech crown fell to the euro after disappointing industrial output data on Tuesday. With COVID-19 cases rising exponentially in the US, as well as in developing economies such as India and Brazil, investors pivoted to the dollar on the possibility of new lockdown measures against the pandemic. The caution saw most emerging market stocks and currencies come off a nearly week-long rally spurred by positive economic readings from the developed world. EMEA currencies have traded range-bound in recent weeks, with investors seeking better returns in stocks due to lower borrowing costs and concerns over economic strength in the region. For instance, Turkey's lira was muted for the day, having barely moved 0.1% in either direction over the past two weeks. Concerns over spiking inflation have clouded the lira's outlook. Turkish stocks edged up for the day. Still, broader EMEA equities were a mixed bag, with Russian markets retreating, while central European stocks moved in a flat-to-low range. South Africa's rand outperformed its EMEA peers, recovering from its worst session in nearly three weeks.

Oil prices dipped on Wednesday as industry data showing a build in US crude stockpiles added to worries about oversupply while a surge in coronavirus cases in the US and other areas cast doubts over a pick-up in fuel demand. Brent crude futures fell 0.3% to \$43.00 a barrel. US WTI crude futures dropped 0.39% to \$40.51 a barrel, holding to the narrow range of the past few weeks. US crude oil stockpiles rose last week, against expectations for a draw, although gasoline and distillate inventories fell more than expected, data from industry group the American Petroleum Institute showed. The US Energy Information Administration (EIA) said on Tuesday that US crude oil production is expected to fall by 600,000 bpd in 2020, a smaller decline than the 670,000 bpd it forecast previously. The US is the world's biggest oil producer. However, it also expected global oil demand to recover through the end of 2021.

ECONOMIC CALENDAR

CURRENCY - TIME (LT)	EVENT	FCAST	PRIOR
OIL—17:30	EIA Weekly Report	-3.2m	-7.2m
USD—22:00	US Consumer Credit MoM	-15.2b	-68.8b

Thursday: China CPI, US Initial Jobless Claims

Friday: Canada Jobs Report, US PPI

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CURRENCIES	LAST	1D	YTD
DXY	97.008	0.07%	0.58%
EUR/\$	1.1270	0.01%	0.55%
GBP/\$	1.2511	0.11%	-5.29%
AUD /\$	0.6932	-0.09%	-1.14%
NZD/\$	0.6533	0.00%	-2.88%
\$/JPY	107.60	-0.05%	0.97%
\$/CAD	1.3610	-0.01%	-4.51%
\$/CHF	0.9420	-0.02%	2.55%
\$/SEK	9.2626	0.09%	1.18%
\$/NOK	9.4977	0.08%	-7.36%
\$/DKK	6.6105	0.03%	0.83%
\$/TRY	6.8645	-0.06%	-13.29%
EUR/GBP	0.9008	0.10%	-5.80%
EUR/JPY	121.26	-0.06%	0.40%
EUR/CHF	1.0617	-0.03%	2.15%
COMMODITIES	LAST	1D	YTD
Gold Spot \$/Oz	1799.83	-0.02%	18.27%
Silver Spot \$/Oz	18.38	0.13%	2.49%
Platinum Spot \$/Oz	837.68	0.27%	-12.88%
Palladium Spot \$/Oz	1931.72	-0.04%	-0.80%
COPPER \$/lb	279.60	0.00%	-0.82%
WTI \$/bbl	40.50	-0.39%	-33.74%
BRENT \$/bbl	43.00	-0.30%	-34.92%

EQUITIES & BONDS

Global stocks faltered on Wednesday, losing momentum after a five-day rally, as an increase in new coronavirus cases in some parts of the world undermined prospects for a quick economic recovery. Frankfurt, Paris and London all opened lower in early trading as investors shifted to wait-and-see mode before upcoming earnings and clung to the perceived safety of the US dollar. It was a rosier picture in Asia, where Chinese stocks extended their gains to seven sessions, with the blue-chip index up 1.6% to its highest close since June 2015. MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.5%, still lower than a four-and-a-half-month high reached the day before. E-mini futures for the S&P 500 were up 0.1%. California reported more than 10,000 coronavirus cases on Tuesday, a record rise for a single day. That exceeded the number of contact tracers recently trained by the state to detect and prevent potential outbreaks. Coronavirus cases were also on the rise in the Australian state of Victoria, which led to lockdown measures being re-imposed in Melbourne, the country's second-biggest city. MSCI's All-Country World Index, which tracks shares across 49 countries, was flat after a five-day rally.

US stocks fell on Tuesday, adding to losses into the close, as investors took profits a day after the S&P 500 logged its longest streak of gains this year and as new US coronavirus cases rose further. Large parts of the US reported tens of thousands of new coronavirus infections. New York expanded its travel quarantine for visitors from three more states, while Florida's greater Miami area rolled back its reopening. Cleveland Fed Bank President Loretta Mester said during

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an interview with CNBC that a resurgence in coronavirus cases across the country is making consumers more cautious, and more fiscal stimulus is needed to help the economy recover fully from the crisis. US stocks have risen recently, with the S&P 500 registering a fifth straight session of gains on Monday, despite rising new coronavirus cases in the US as a slew of upbeat data for June bolstered views that an economic recovery is under way. The Nasdaq claimed another record intraday high and held gains for a good part of the session before ending the day lower. The S&P 500 is still up more than 40% from its March closing low. Walmart Inc gained 6.8% after a report that the retailer is close to launching its membership program, a direct competitor for Amazon.com's Prime service. Amazon shares slipped 1.3%. Novavax Inc jumped 31.6% as the US government awarded \$1.6bn to the drugmaker to cover testing, commercialization and manufacturing of a potential coronavirus vaccine in the country. Earlier Tuesday, the S&P 500 e-minis EScv1 triggered a "golden cross" pattern, when the 50-day moving average crossed above the 200-day moving average, which could portend more gains for stocks in the short term.

In the MENA region, UAE stocks closed higher on Tuesday, led by financials and property shares, while Egypt ended marginally lower as tobacco heavyweight Eastern Company lost more than 3%. Dubai's main share index gained 0.5%, led by a 1.5% rise in blue-chip developer Emaar Properties and a 0.5% gain in Emirates NBD Bank. Amlak Finance surged 14.6%, its biggest intraday gain since Dec. 2019, after signing an agreement with Dubai Land Department allowing customers to invest in properties listed by the firm.

COMPANY NEWS HEADLINES

- Credit Suisse wants to raise its China securities joint venture stake to 100% and increase its market share after getting the regulatory green light to take a majority holding, the head of its Asia business said.
- Banco Santander SA is facing a potential hit to its capital levels in Q2 after it boosted lending to businesses hurt by the Covid-19 outbreak, a setback to its stated aim to meet the top end of its target range.
- VW's executive shakeup reached its heavy-truck division Traton, with the surprise departure of CEO Andreas Renschler, who will leave VW's management board effective July 15.
- Lansdowne Partners is shutting its main hedge fund in a shift away from short-selling after being hit by some of its worst-ever losses. The London-based investment firm is closing the \$2.8bn Lansdowne Developed Markets Fund, according to a letter to investors seen by Bloomberg.
- Bayer AG's plan for moving on from its Roundup legal woes hit a snag barely two weeks after it announced a nearly \$11bn settlement of claims the popular weed-killer causes cancer when a judge expressed skepticism about its proposed treatment of future claims.
- Amazon.com Inc has invested 23.10bn rupees (\$308.02mn) in Amazon Seller Services, an Indian unit, strengthening the business at a time when more people shop online in a bid to avoid crowded public places.
- US Insurer Allstate Corp said on Tuesday it will buy National General Holdings Corp for about \$4bn in cash, scaling up its auto insurance business at a time when the coronavirus has crushed traffic on roads and reduced claims.
- Grupo Televisa , Mexico's largest broadcaster, on Tuesday reported strong gains in net profit due to reduced costs, although advertising sales dipped sharply amid the economic upheaval of the coronavirus pandemic.

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AMERICA	LAST	1D	YTD
DOW JONES	25890.18	-1.51%	-9.28%
S&P 500	3145.32	-1.08%	-2.65%
NASDAQ	10343.89	-0.86%	15.28%
S&P/TSX	15595.50	-0.47%	-8.60%
EUROPE	LAST	1D	YTD
STXE 600	368.96	-0.61%	-11.27%
FTSE 100	6189.90	-1.53%	-17.93%
CAC 40	5043.73	-0.74%	-15.63%
DAX	12616.80	-0.92%	-4.77%
ASIA PACIFIC	LAST	1D	YTD
S&P/ASX 200	5920.30	-1.49%	-11.38%
NIKKEI 225	22438.65	-0.57%	-4.95%
TOPIX	1557.23	-0.92%	-9.53%
CSI 300 (China)	4774.00	0.59%	15.36%
MENA	LAST	1D	YTD
Saudi Arabia	7400.53	0.13%	-11.79%
Abu Dhabi	4341.04	0.52%	-14.48%
Dubai	2097.87	0.50%	-24.12%
Qatar	9243.83	0.51%	-11.33%
10-YEAR BONDS	LAST	1D	YTD
U.S.	0.6479	0.0082	-1.2696
Germany	-0.4520	0.0020	-0.2440
U.K.	0.1610	-0.0210	-0.6420
Australia	0.8700	-0.0090	-0.4940

TOP SELECTED NEWS

Chinese factories to face headwinds in next phase of post-lockdown recovery

(Reuters) Orders for infrastructure materials and equipment have helped industrial output recover faster in China than most places emerging from COVID-19 lockdowns, but further expansion will be hard to attain without stronger broad-based demand and exports. Prices of copper and steel have surged and share prices for Chinese blue chips struck five-year highs, as state-funded infrastructure projects drove up production of cement, steel and non-ferrous metals. Railway investment, for example, soared 11.4% in April-June from a year earlier versus a 21% drop in Q1. Industries also gained from pent-up demand for autos and electronics. The property sector, a pillar of growth, also showed signs of rebounding, with real estate investment expanding and sales quickening. China's factory-gate prices, still in deflation territory this year, may have turned positive on a monthly basis in June, said Yating Xu, senior economist at IHS Markit, in a sign of recovering demand for manufactured goods.

Deutsche Bank kept Epstein's money moving as red flags flew

(Bloomberg) When Deutsche Bank AG sought out Jeffrey Epstein as a client, he was a convicted Florida sex offender with a publicized taste for young eastern European women. The bank helped him send millions of dollars to his alleged



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TOP SELECTED NEWS

co-conspirators. It handled transfers to women with Russian bank accounts. And it didn't fuss when the financier's personal lawyer asked how much cash he could withdraw without drawing attention -- after which the lawyer showed up scores of times to collect the maximum, \$7,500/trip. With these and other efforts to keep the late financier's money flowing over a half-decade beginning in 2013, Deutsche ignored the possibility that the financier was using the money to support a continuation of his criminal activity, New York's financial regulator said Tuesday.

EU says still assessing City's financial market access

(Reuters) Assessments of Britain's future access to the EU financial market are "ongoing" and take into account how far the UK will diverge from the bloc's rules, a European Commission official said on Wednesday. "We need to have a forward-looking approach and have a good understanding of the intentions the UK has in terms of future financial regulation," Andrea Beltramello told an FIA online event. Britain and the EU have blamed each other for missing an end of June deadline for completing assessments on financial market access from next January.

US says Ghosn wired money to man who helped him flee Japan

(Reuters) Carlos Ghosn, the former Nissan Motor Co chairman, wired \$862,500 last year to a company managed by one of the two men who later helped him escape from Japan, US prosecutors said in a Tuesday court filing. The disclosure came less than a day after the men, Michael Taylor and his son Peter Taylor, who are trying to avoid extradition to Japan in connection with Ghosn's escape, petitioned a US judge to release them on bail.

DHL to cut 2,200 UK workers at Jaguar Land Rover factories, union says

(Reuters) German logistics company DHL plans to cut as many as 2,200 jobs of U.K.-based workers at Jaguar Land Rover factories, the Unite trade union said on Tuesday. The job cuts comprise just under 40% of the entire DHL workforce on the contract, the union said. DHL indicated that the half of the job cuts are due to a decline in car production and half are the result of anticipated "efficiency savings", the union added. Last month India's Tata Motors Ltd said it expected to shed about 1,100 temporary jobs at Jaguar Land Rover after it raised the cost-cutting target at its luxury unit by 1bn pounds (\$1.3bn) to ride out the disruptions caused by the coronavirus outbreak.

Electrolux quarterly loss smaller than feared after June sales grow

(Reuters) Europe's biggest home appliance maker Electrolux said its Q2 operating loss would be smaller than feared, helped by a 3% rise in June sales and cost controls. Shares in the maker of brands such as Frigidaire and Anova rose 6% in early trade on Wednesday after the announcement, to give a year-to-date drop of 8%. The Swedish rival to US Whirlpool Corp had warned in May of a significant loss in the quarter due to the impact of the coronavirus crisis, after April sales fell 30%.

Boeing settles nearly all Lion Air 737 MAX crash claims: filing

(Reuters) Boeing Co has reached settlement agreements in more than 90% of the wrongful death claims filed in federal court after the 2018 crash of a Lion Air 737 MAX in Indonesia that killed all 189 people on board, a court filing on Tuesday said. The fatal crash, followed within five months by another 737 MAX jetliner in Ethiopia, led to the worldwide grounding of the best-selling model and a corporate crisis that has included hundreds of lawsuits alleging the jet was unsafe and separate probes by the Justice Department and US lawmakers. Boeing has been racing to clear a number of remaining hurdles to win US Federal Aviation Administration approval to fly the MAX again commercially, potentially later this year.

AstraZeneca-Merck Lynparza wins EU approval for pancreatic cancer

(Reuters) AstraZeneca Plc and Merck & Co Inc said on Wednesday their blockbuster cancer treatment Lynparza won approval in the EU for treating patients with a form of pancreatic cancer. The approval was based on results from a late-stage trial in which Lynparza nearly doubled the lifespan of patients without disease progression or death when compared with placebo.

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