



## **CIO OFFICE MORNING MARKET WRAP – Wednesday August 5th, 2020. ALSO AVAILABLE ON ALEXA.**

A massive explosion shook Lebanon's capital yesterday evening, killing at least 70 people, injuring thousands, and making considerable damage to the city. Authorities said it was caused by highly explosive materials at the port. President Trump said he had reasons to suspect the blasts were an attack. Our thoughts and prayers to the victims.

The session on financial markets was overall well oriented yesterday. Global stocks were slightly positive, with US shares closing at +0.4% and Dubai's DFM up 0.6%. The price of Brent crude oil moved up 0.6% to \$44.4, supporting energy stocks, despite BP slashing its dividend for the first time in a decade, joining many other European companies in cutting payouts: banks, travel and leisure companies and automakers.

Interest rates were slightly lower with the US 10-year Treasury yield down 5 basis points to 0.51%. Gold touched a record high, firmly above \$2000. Investors are closely monitoring efforts in Washington to negotiate a new virus relief package. The White House and Democrats aim to reach an agreement in the coming days. The last 48 hours showed some deceleration in infection numbers from the US Southern Sun Belt states, a positive, which needs to be sustained of course.

On the geopolitical front, talks have been scheduled between the US and China for the middle of August to discuss compliance with the initial “Phase 1” trade deal signed in January. The TikTok topic could also be on the agenda. At the time of writing, Asian markets fluctuate and are overall well oriented, led by South-Korea and Hong-Kong. Oil futures are stable and Gold is at 2015. Today we will get PMI reports from the Euro- area and UK, and the US ISM Services index at 6pm. The consensus expects it to decelerate from 57 in June to 55 for July, still obviously in clear expansion territory. Quarterly earnings will include Coca-Cola, BMW and Allianz among others.

Stay safe.

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