



CIO OFFICE MORNING MARKET WRAP – Monday July 6th, 2020. ALSO AVAILABLE ON ALEXA

Asian stocks are up this morning along with U.S. and European futures in spite of increasing global coronavirus cases as the opening up of economies and the stimulus from Central banks and governments is buoying investor sentiment. China equities are up 3% on strong volume, trading at a five-year high. Japan, Hong Kong and Korea equities are also higher.

U.S. markets will open after a long 4th of July weekend. The yield on 10-year Treasuries has ticked up one basis point to 0.68%. Gold has risen 0.1% to \$1,774.47 an ounce. Brent for September settlement rose 0.4% to \$42.95 a barrel on the ICE Futures Europe exchange after gaining 4.3% last week. Brent has been trading near the \$ 42/43 level recently.

The WHO reported a one-day high in global infections over the weekend with global cases topping 11.4 million and deaths exceeding 533,000.

The UAE restructured its government, merging several ministries and departments in a UAE Cabinet reshuffle on Sunday. Sheikh Mohammed Bin Rashid Al Maktoum, Prime Minister of the UAE and Ruler of Dubai, said that this was a part of a drive to create a more agile government, the goal, to be “seizing opportunities in dealing with this new phase in history - an agile government quick in solidifying the achievement of our nation” he wrote on Twitter.

The new government has one year to meet the new priorities. Constant change will remain the slogan, until reaching the best government model. A focus on Economy, Technology, Cybersecurity and creating a single Government Digital Services portal for all services.

The June PMI Index has jumped back to growth, with the UAE headline PMI rising to 50.4 in June from 46.7 in May, the first reading in expansion territory this year. Output and new work increased in June as economic activity continued to normalize. Saudi Arabia’s PMI declined slightly in June to 47.7 as output, new work and employment fell at a faster rate than in May.

UK’s PM Boris Johnson urged Britons to act responsibly and sensibly as pubs, hotels, cinemas and hairdressers reopen. The U.K. has suffered one of the deadliest outbreaks of the Covid-19 pandemic, with more than 44,000 deaths and 285,000 confirmed cases. Hospitality represents 5% of the U.K.’s economic output and employs 10% of all workers. The industry is the country’s third-largest private-sector employer.

Like the US the UK has seen a boost in savings and some Britons are ready to start spending. Household saving ratio is close to 21% of disposable income in the second quarter compared to an average of 9% since 1963.

Key events this week are monetary policy decisions due Tuesday in Australia and Malaysia, the EIA crude oil inventory report on Wednesday, the U.S. weekly jobless claims report on Thursday and Singapore holds its general election on Friday.

Stay safe.

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