



CIO OFFICE MORNING MARKET WRAP – Tuesday July 7th, 2020. ALSO AVAILABLE ON ALEXA

Asian markets this morning are mixed with Japan and Hong Kong down about 0.5% and China equities trading up a percent. US futures are slightly up. Global equities rallied on Monday, following the spectacular China rally. The S&P 500 gained 1.6%, despite elevated numbers of new coronavirus cases across the US, as trading resumed following a three-day weekend.

The Nasdaq Composite added 2.2%, extending its rally into a fifth day and setting an intraday record of 10,462 points and a new closing high. The index is up over 16% year to date.

In the US technology continues to lead the rally with Amazon shares crossing \$3000 for the first time. In Europe, the Stoxx 600 closed 1.7% higher while UK's FTSE 100 added 2.1%, with financial and mining stocks rallying.

European companies exposed to China recorded strong gains with the auto sector, industrial groups and luxury makers recovering from deep sell offs. The yield on 10-year Treasuries has ticked up half a basis point to 0.67%. Gold has risen slightly to \$1,783 an ounce. Copper and Brent oil rose with the latter at \$ 43.04 still trading around the \$ 43 handle, while the dollar is slightly weaker.

China's CSI 300 index closed up 5.7% on Monday at a five-year high, though still 13% below its previous peak in June 2015. Analysts said Chinese authorities could be seeking to boost markets in the hope that this would boost consumer spending. More than 280 of the CSI 300's shares finished up, while many banks and brokerage firms rose by the daily limit of 10%. The financial sector was up 9%. The Chinese Yuan too rallied crossing the 7 mark per Dollar and the 200 day moving average.

UAE markets were in sync with global markets with the Dubai Index + 1.23% and the Abu Dhabi Index +0.34%. All Emaar stocks rose and Emaar Properties PJSC contributed the most to the Dubai index gain.

Whilst New York City entered Phase 3 of its reopening plan, the US reported 42,500 Covid-19 cases on Sunday, in addition to the more than 52,000 cases on Saturday. Texas, Arizona and Florida, have been hit hard raising fears of further economic lockdown measures. Another company to join the vaccine race is Regeneron as it starts Phase 3 of its trial while the European Union plans a deal with Gilead to secure its COVID-19 drug.

US companies raised just \$70bn last week through debt markets, the lowest since mid-March. The last 4 months have seen a record number of issuance. Companies have drawn on bank credit lines, called on government rescue programs and issued new debt and equity. Airlines, cruise companies, and automakers raised the largest amounts, preventing a big rise in corporate failures.

Stay safe.

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