



## **CIO OFFICE MORNING MARKET WRAP – Wednesday July 8<sup>th</sup>, 2020. ALSO AVAILABLE ON ALEXA**

Asian stocks are slightly positive this morning, with the global stock rally taking a breather, after a spectacular first week performance in the second half of 2020. It's a pattern we expect along with more volatility as the pace of the economic recovery is weighed against new flare-ups in coronavirus cases across the world. Shares in the US closed lower yesterday, ending a run of five straight days of gains.

The S&P 500 fell -1.1% and the Nasdaq -0.86%. The Nasdaq has retreated from an all time high after a relentless tech rally with Apple, Amazon, Microsoft, Facebook, Tesla and Alphabet with strong year to date gains and except Alphabet all have made fresh all-time highs in the past few days.

The European Commission lowered its economic growth forecasts for 2020 with lockdowns still in place in some areas. The Stoxx 600 index closed down -0.7% and the UK FTSE 100 -1.5%.

The government-backed China Securities Journal emphasized on Monday the need for a “healthy” bull market to support the recovery. The China stock market is up 10% over the past week. Treasuries are firmer, the U.S. 10 year yield fell to 0.65%. The USD is stronger vs the Yen, weaker vs the Pound and Euro. Gold is up, trading at \$1795 this morning. Brent is at the \$43/bbl level.

Aside from the daily COVID-19 infection data there were no major directional drivers influencing US markets. VP Pence’s top aid stated that it is the White House’s intent to keep the next round of stimulus under \$1Trillion (with a goal of finding balance between income replacement for those effected and avoiding higher tax rates) and to have it completed before Congress breaks for Summer in early August. Financials - 2.07% were one of the weakest market performers yesterday, as Q2 earnings season starts next week with major banks reporting.

The number of cases in the U.S. rose by about 45,000 on Monday, the slowest daily rise since June 29th. The U.S. death toll exceeded 130,000. Dr.Fauci told a Senate committee that coronavirus cases in the U.S. could “go up to 100,000 a day” if people continue to flout advice on social distancing and face masks.

While the fatality rate in the US appears to be decreasing overall, partly because of a decrease in the average COVID-19 patient age, the number of hospitalizations nationwide continues to rise. India’s total number of confirmed coronavirus cases topped 700,000 and the death toll crossed 20,000, India has the third-highest number of confirmed coronavirus cases in the world behind the U.S. and Brazil, according to Johns Hopkins. In Australia, the city of Melbourne will return to lockdown for six weeks in an effort to contain an outbreak. Beijing, meanwhile, reported zero new cases for Monday for the first time since an outbreak at a wholesale food market. In Brazil, President Bolsonaro who has consistently down played the threat, tested positive for the virus.

Stay safe.

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