



## **CIO OFFICE MORNING MARKET WRAP – Monday June 22<sup>nd</sup>, 2020. ALSO AVAILABLE ON ALEXA.**

Asian markets are trading mixed and on light volume as of the time of writing. S&P 500 futures reversed a loss of 1% and many Asian indices are flat from early losses. Investors will have to become more optimistic about the outlook to shrug off a worsening pandemic news flow.

The past week was marked by a rising tension between improving economic data and virus resurgence across the globe. Retails sales surprised to the upside in the United States and a substantially V-shaped recovery continued in China. At the same time, corona virus cases recorded very large increases in some US states and the Chinese authorities were forced to tackle rising cases in Beijing.

This is likely to carry over to this week, with contact tracing and testing still limited in the United States and flash PMI surveys and Germany's Ifo to be released and providing important clues about the extent of the recovery. As more institutional investors have voiced their concerns about market valuations any disappointment in the releases would not be taken in stride. Both the US and China stepped back from

the brink, following the commitment of the latter to speed up purchases of American farm goods in compliance with the phase one trade deal after secretive talks in the Hawaii. It must have been much less to president Trump's liking that he launched his re-election campaign rally in Tulsa before a crowd much reduced as against expectations and amidst declining approval ratings.

The IMF is expected to release new global forecasts this week, with a revised outlook more pessimistic than in April. Many of our readers must have been looking forward to Apple's annual Worldwide Developers Conference to be held online today to introduce new products.

Stay safe.

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