



CIO OFFICE MORNING MARKET WRAP – Monday June 22nd, 2020. ALSO AVAILABLE ON ALEXA.

Markets closed in the green in the US, with the S&P500 up 0.65% and the Nasdaq 1.1% to hit a record high, in spite of rising corona virus cases and lack of meaningful catalysts. In Europe the tone was negative and equities were weighed down by the German fintech company Wirecard's announcement that more than \$2bn missing from its balance sheet do not exist at all.

New COVID-19 cases continued to increase globally, currently passing 8.9 million and deaths topping 468,000. The major flare-ups are recorded in the Americas, with investor attention now riveted on some US states like Florida, where new cases reached the highest level ever on a 7-day basis. Germany is seeing infection rates rise for a third day, while in China the outbreak seems to be under control.

New Jersey Governor said that he would "put some sort of break on the reopening" in the case of meaningful spikes, which highlights the connection between increased mobility as economies reopen and COVID-19 second waves. Gold traded close to the highs of the year; falling US real rates boosted the yellow metal as inflation

expectations normalise and yields remain anchored by lower for longer policy rates. Brent crude continued to consolidate well above \$40bbl.

This is much harder to rationalise, given inventories at multiyear highs, with the amount of crude held in floating storage at the highest since 2016. One would wonder which adjectives best fit Washington's stance in relation to the China trade deal.

Puzzling seems to be an appropriate choice, as trade adviser Peter Navarro said in an interview that the pact is "over", knocking US futures around, to be promptly contradicted by Donald Trump tweeting that it is "fully intact". Today's highlight will be the release of the flash PMI readings in the major developed economies, which will allow to gauge the extent of the recovery.

Stay safe.

MAURICE GRAVIER
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