



CIO OFFICE MORNING MARKET WRAP – Wednesday September 23rd, 2020. ALSO AVAILABLE ON ALEXA.

Global markets were up almost half a percent yesterday, after the Monday sell off, though September could possibly be the first negative month since March. The USD was stronger vs the Euro, Yen, and Pound. WTI Crude finished up 0.70%, just under \$40/barrel and Brent at \$41.72. Gold finished down 0.2% and is trading around \$1900. Treasuries were mostly unchanged; the U.S. 10 year yield settled at 0.67%. Virus worries with the impact on economies dominate investor sentiment along with U.S. elections and China U.S. tech issues. Chinas economic recovery remains a beacon of hope for other countries.

Asian markets this morning are flat to slightly negative. The Hang Seng Index has traded down this week, with HSBC the biggest contributor to the decline. Japan is trading down this morning around a percent, after its 2 day holiday. Activity in Japan's manufacturing and service sectors improved only marginally in September, according to early PMI data. UAE markets had a flat day, with banks leading the Abu Dhabi market. A positive open for India this morning is expected, with private equity player KKR the latest to invest in Reliance's retail venture and Reliance Jio the telecom arm, planning on selling 200 million smartphones in the next 2 years.

In the U.S. the House yesterday passed a short-term spending bill keeping the government funded through Dec. 11, after Democrats reached a deal with the White House over farm aid and food assistance. Fed Chairman, Powell reiterated in his meeting with the House Committee on Financial Services, that the Fed is committed to supporting the economy in whatever way it can and by using whatever tools necessary and the economy has a long way to go before fully recovering. He kept up his demand for more fiscal stimulus, but Treasury Secretary Mnuchin gave little indication that talks between the White House and Congress on another aid package are going anywhere. The two diverged on whether to lower the minimum loan size for the troubled Main Street Lending Program, with Mnuchin supporting that idea. A successor to Supreme Court Justice Ruth Bader Ginsburg could be confirmed by the November elections, after Senator Mitt Romney said he supported moving forward.

The S&P 500 closed +1.05% and the NASDAQ +1.71%, reversing Monday's fall. This is the range bound behavior that we are expecting with sharper daily movements, led not only by election rhetoric but also post the colossal run up markets had from March to early September. On the macro front, data is still supportive of a recovering economy. Existing Home Sales for August beat estimates at 6.0 million. Consumer Discretionary was the best performing sector yesterday, with Amazon up 5.7% on broker upgrades. Tech also rallied, whilst banks, materials and industrials lagged, giving up early September gains where hopes of a cyclical recovery were starting to build up. Did Nike Just Do It? Shares rose 13% in late trading as quarterly revenue beat, aided by its shift to online channels with digital sales rising 83%, though store-based sales continue to suffer. China and Europe revenues rose.

Whilst 8 to 9 candidates from across the world are in Stage 3 trials for a vaccine, seen as the panacea to get the virus under control the U.S. FDA is expected to announce a new emergency authorization standard for a vaccine this week, that'll make it difficult for a vaccine to be cleared before Election Day. New cases of coronavirus are increasing in Europe, and reported new cases increased sharply in the U.S. on Monday, to 52,000. The world has more than 31 million confirmed COVID cases and almost a million deaths. U.K. announced new social restrictions that are likely to last six months and the PM told people to work from home if possible, saying the country is at a "perilous turning point" for the virus.

For those looking to stay fit, Amazon is offering its own exercise bike at half the price of the popular Peloton cycling machines. The \$500 bike was developed with Echelon Fitness and comes with a free 30-day membership trial, including live exercise classes.

Stay safe.

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Reliance

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