

25-08-2020**Nikolas Stylianou**

US markets – Rise to Wall Street with President Trump now focusing on the pharmaceutical industry to create a vaccine that will curb the pandemic ahead of the November election. In particular, Donald Trump announced the urgent approval of the license for the use of plasma produced from the blood of people who have recovered from the coronavirus. On Wall Street, the Dow Jones industrial average was up 1.36% or 378 points at 28,309, the SP500 was up 1.01% at 3,431 points and the Nasdaq was up 0.6% at 11,379 points and SP500 and Nasdaq hit new all-time highs for another session. Shares of Boeing rose by 5.9% and Dow Inc. recorded the largest increase in the industrial index + 5.7%, while the biggest drop was recorded by the titles of UnitedHealth -1.7% and Intel -0.4%. According to Brian Price, head of investments for Commonwealth Financial Network, there's still a lot of uncertainty with regard to the overall economy, as well as the increase in case count that we've seen over the past month or so.

Asian - China reported that there was a "constructive" trade discussion that included Vice Premier Liu He, U.S. Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin. The U.S. said both sides "see progress and are committed to taking the steps necessary to ensure the success of the agreement." Previously scheduled talks between the sides had been delayed and last week stock market continued been affected, as investors were concerned about US-China trade tensions. After forty years of deepening economic integration between the United States and China, it is difficult to imagine a real break in relations. Many executives believe that politicians in Washington and Beijing will "patch up" their differences when they realize the real effects of the "decoupling" of the world's two largest economies. They hope a trade deal will stabilize things, even if they have to wait until after the US presidential election.

European Markets – Previous week we observed a fluctuation in the price of European Equities due to the travel restrictions, geopolitical tensions, the fear of spread of coronavirus and the Us-China trade tensions. By the end of last week the European stocks indices rethreaded after the U.S Federal Reserve's July's meeting minutes which emphasizes the need for ongoing economic support. The EU equities climbed even higher today as they got boost from the positive US-China trade talks and enhanced investors confidence. Up 1.6% on Monday, the Stoxx Europe 600 SXXP, 0.39% rose 0.5%. Airlines rose, with International Airlines Group IAG, 3.35% and easyJet EZJ, 3.76% gaining ground. Yesterday European stocks added gains from a strong mood. The Pan-European index Stoxx600 closed higher yesterday by 1.6%, while UK100 rose by 1.7% and rest EU indexes climbed by more than 2%.



Gold Market – The price of gold beginning of last week was down and was trading at \$1950. Last week was the worst week in the last five months in which the yellow metal has fallen 4.5%. Daniel Pavilions, the senior commodities broker at RJO Futures, state “We’ve already seen decent-sized bounce. Next week, we will begin to see some volatility and ultimately move higher. Do not think the rally is done. If you are on a big bullish momentum move, you will see pretty big selloffs followed by bounces up. It is good that we sold off quickly and support held — it is a test to how strong the trend really is”. Warren Buffett’s Berkshire Hathaway Inc has added Barrick Gold Corp, the world’s second-largest miner of the metal, to its portfolio. Berkshire on Friday reported a purchase of 20.9 million shares as of the end of the second quarter, however after FOMC news of last week gold made \$80 correction from \$2000 per ounce to \$1920 as dollar got stronger after the Fed policy meeting. The US-China trade optimism may make more difficult the rebound for gold. The yellow metal’s upside attempts appear limited and a break below the rising trendline support at \$1927 could trigger a fresh drop towards the daily lows.

Oil Market – Beginning of last week the benchmark on U.S. crude oil for September delivery CLU20, fell 23 cents to \$42.01 per barrel in electronic trading on the New York Mercantile Exchange and Brent crude oil for October delivery BRNV20 fell 16 cents to settle at \$44.80 a barrel. This week October WTI oil CLV20, -0.21% rose 28 cents, or 0.7%, to settle at \$42.62 a barrel and despite worse crude oil inventories than expected from EIA report the price is still fluctuating in the same range. Later on, the previous week the Oil market retreated as the major producers warned of a risk to demand recovery if the coronavirus crisis continues. Despite Oil got support from the API (American Petroleum Institute) inventory data did not show any upticks and it seems that the market observation regarding the decline in Oil volatility still holds. US Oil futures for delivery in September added 6.5% to \$1.3671 a gallon on the New York Mercantile Exchange, posting their largest one-day advance since mid-May.

Foreign Currencies – Euro/Dollar was traded last week at 1.1864 and tested the major resistance level of 1.195 as dollar’s fall came along with fall on treasuries yields which continue to undermine the greenback, before retreat back to 1.18, destroying the eighth consecutive week with gains and closed the week negatively slightly below 1.18 price level after the Fed monetary policy meeting. Today’s German IFO Business Survey aided euro advanced higher against dollar reaching 1.184 as the IFO rate increased to 92.6 from 92.2 forecasted. Pound/Dollar was traded at around 1.31 and a second consecutive week has been closed in 1.3080 area. Pound finally closed at 1.309 against dollar and remained neutral as dollar got stronger against its majors counters. Last week it was expected that Pound would appreciate against dollar and jumped back near 1.325 resistance level due to upbeat UK CPI news as it did but closed the week lower. According to analysts the decline can extend lower towards 1.3060. First resistance level for the pair is seen at 1.315 and according to FX Strategist at OCBC Bank a break below 1.30 may lead even lower. Lack of Brexit progress continues to weigh, but the underlying expectation that a compromise will eventually be trashed out supports for now. This week Dollar/Yen traded at 106.1 with the greenback traded narrowly in Asia and Europe yesterday. Although that the pair fall to 105.7 price rebounded slightly above 106 and this caused from the rising Us yields and stocks. Investors should pay attention to the US

consumer confidence report later on the day. Last week Dollar/Yen was traded near 105.8 by the time the week closed. The greenback resumed its recent losing streak and continued to remain under pressure in European session at the mid of the week before the FOMC report. The pair fell to 105.29 in New York morning due to dollar's broad-based weakness as negotiations between the Republicans and the Democrats remained at a standstill. Investors should pay attention on FOMC news later today as it is expected to see a dollar's short-term rebound.

US GDP Expectations - The United States remains stuck in a recession and it will likely take years for economic growth to return to pre-coronavirus pandemic levels, economists surveyed by the National Association for Business Economics (NABE) warned beginning of this week. They also stated that US GDP will not recover earlier than 2022 to pre pandemic levels. Two-thirds of economists said that the U.S. economy continues to be in a recession that began last February, while others believe that the recession will end in 2020 (35%) or sometime in 2021 (34%). Around 75% of analysts said that the optimal size for the next coronavirus stimulus package should be \$1 trillion or greater, while 17% advocated for a smaller bill of less than \$1 trillion.

Weekly News 24-08-2020 – 28-08-2020

Time (GMT+3)	Event	Impact
15:30 pm 24-08	USD Chicago Fed National Activity Index (Jul)	Medium
09:00 am 25-08	EUR Gross Domestic Product (YoY) (Q2)	Medium
11:00 am 25-08	EUR German IFO – Business Climate (Aug)	Medium
17:00 pm 25-08	USD Consumer Confidence	Medium
20:30 pm 25-08	CAD BoC's Schembri speech	Medium
14:30 pm 26-08	EUR ECB's Schnabel speech	Medium
15:30 pm 26-08	USD Durable Goods Orders (Jul)	High
03:00 am 27-08	SD Jackson Hole Symposium	High
08:45 am 27-08	CHF Gross Domestic Product (QoQ) (Q2)	High
15:30 pm 27-08	USD Gross Domestic Product Annualized (Q2)	High
15:30 pm 27-08	USD Initial Jobless Claims (Aug 21)	Medium
17:00 pm 27-08	USD Fed's Chair Powell speech	High
18:15 pm 27-08	CAD BoC's Governor Macklem speech	High
03:00 pm 28-08	USD Jackson Hole Symposium	High
12:00 pm 28-08	EUR Consumer Confidence (Aug)	Medium
15:30 pm 28-08	CAD Gross Domestic Product Annualized (QoQ) (Q2)	High
16:05 pm 28-08	GBP BoE's Governor Bailey speech	High