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## Currency War on the Horizon

In 1971, Richard Nixon's treasury secretary, John Connolly, told the world "It's our currency, but it's your problem". Today, the weakness of the dollar threatens a full-blown currency war. This could distract policy makers from the essential task at hand, mending their economies post-pandemic.

The US currency has already been in decline for months. Adding to that the Fed's recent declaration that it will allow inflation and the labor market to run hotter for longer than previous, the dollar is set for even further decline. The Fed's strategy adaptation set to embolden traders who were already speculating on the dollar's weakness, their bets on the euro making it soar.

The European Central Bank is uncomfortable with a value for the currency of more than \$1.20. The stronger the euro, the greater the disinflationary effects as foreign goods cost less. The auto area is already now technically in current deflation, and there are little options left for the euro bloc to meet its inflation target, as it already has deeply negative interest rates and a vast quantitative easing plan.

For its part, the Fed is adopting a policy of benign neglect in the currency market, having provided almost limitless access to dollar liquidity for central banks around the world for the benefit of its economy and much of the developing world. This leaves the ECB on its own to fight the battle, in which they are mostly powerless, of keeping a lid on its own currency. With the Fed still perceived to have monetary policy ammunition, the dollar will look like a downward bet. Unless this changes, the ECB will have to continue to endure further euro gains - and resist going on the offensive, as to not risk inflaming cross-border economic tensions.

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## Five News to Start Your Day

### Get Ready

The CDC has informed states to get ready as early as Nov. 1 for a Covid-19 vaccine to become available. This indicates that the federal government is looking for a vaccine to become available days before election day, despite federal officials claiming the plan is not meant to have any effect on the election results.

### Supranational Disputes (well, not for long)

The chief EU Brexit negotiator, Michel Barnier, warns that the time for reaching an agreement is running out as he accuses the UK of failing to engage constructively in negotiations. Should an agreement not be reached this week, the risk of a messy breakup come December could rise. The pound rises against the euro.

### French Boost

France is getting another dose of stimulus. To boost supply and encourage investment, the French gov't has decided to shock the economy with 100 billion euros and a 10 billion tax cut. The French economy shrank 14% this year, while their stock index went down 16%.

### More Highs

US stock market at an all-time high, as the equity boom spreads to industries other than tech, and perhaps away from the latter. Apple, Zoom Video Comm and Tesla fell.

### S&P 500 conflicts with itself

The 20 day correlation between the benchmark stock gauge and its equal-weighted version collapsed below 0.40 last week, lowest since 1999. This is thanks to the theme of US tech dominance and poor market breadth. As the S&P closed up 6%, its equal-weighted peer was up 2%.

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# The Market with your Espresso

By Lorena Somoza Timor

September 3, 2020. 7:00 AM EST



# The Market with your Espresso cont.

by Lorena Somoza Timor

September 3, 2020. 7:00 AM EST



## Disputed Election Results Airbnb IPO Update

Experts warn of significant risk for post election crisis where one candidate questions the results or even refuses to concede. Trump has already refused to commit that he will accept election outcome.

Billionaire Bill Ackman offered Airbnb a merger only to be rejected. The tech company decided to go the traditional IPO route. Still, discussions were not concluded, a merger still on the table.



## Tesla's Dangerous Bubble

As of Sept 2, Tesla's \$442 billion market cap came within \$1.3 billion of being worth more than the 18 member MSCI World Auto Index (excluding Toyota). The reality is, that as trendy and innovative as Tesla is, the company has mixed track record of profits and is not much more than a startup still.

Its current valuation at almost more than mostly all automakers in the US, Japan and Western Europe combined makes little to no sense. In the past five trading sessions, the company has gained 12%, and its potential inclusion in the S&P might trigger another wave of buying.

## Butter Hoarding

Arla Foods amba, the Nordic region's biggest dairy company, reported a 34% jump in profits in the first half of the year as hoarding products made sales jump. UK dairy consumption rose 20%.

## Land of the Flee

NY and California real estate suffer as city-dwellers are drawn away from big cities by the allure of small time living and spacious real state. Taxes playing major role in these decisions as well.



## Federal Budget Deficit Soars

The US federal budget deficit is expected to rise to a record \$3.3 trillion, making the government debt to a size bigger than the economy. This has been achieved in the wake of massive government spending to cushion Americans from the effects of the pandemic.

Even as this number seems to astound, the shortfall is actually smaller than what the Congressional Budget Office expected it to be, according to April's \$3.7 trillion projection. Government debt is expected to increase to \$33.5 trillion by the end of 2030, representing 109% of the US GDP.

<b>Dow</b>	29,100.50	454.84	1.59%	▲
<b>S&amp;P 500</b>	3,580.84	54.19	1.54%	▲
<b>Nasdaq</b>	12,056.44	116.78	0.98%	▲
<b>GlobalDow</b>	3,139.51	10.25	0.33%	▲
<b>Gold</b>	1,941.10	-3.60	-0.19%	▼
<b>Oil</b>	40.85	-0.66	-1.59%	▼

### Facebook Inc. CI A

PREMARKET Last Updated: Sep 3, 2020 5:54 a.m. EDT - Delayed quote

**\$299.83**

▼ -2.67 -0.88%

Before Hours Volume: 18.4K Technology: ▲ 2.02%

Advanced Charting 1D \$ % VOL

CLOSE	CHG	CHG %
\$302.50	7.06	2.39%

52 WEEK RANGE: \$299.83 - 304.67

OPEN: \$298.88 DAY RANGE: 293.05 - 303.60

52 WEEK RANGE: 137.10 - 304.67 MARKET CAP: \$841.65B

SHARES OUTSTANDING: 2.4B PUBLIC FLOAT: 2.38B

BETA: 1.07 REV. PER EMPLOYEE: \$1.57M

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### Apple Inc.

PREMARKET Last Updated: Sep 3, 2020 at 5:44 a.m. EDT - Delayed quote

**\$129.15**

▼ -2.25 -1.71%

Before Hours Volume: 208.1K Technology: ▲ 2.02%

Advanced Charting 1D \$ % VOL

CLOSE	CHG	CHG %
\$131.40	-2.78	-2.07%

52 WEEK RANGE: \$129.15 - 137.98

OPEN: \$137.59 DAY RANGE: 127.00 - 137.98

52 WEEK RANGE: 52.77 - 137.98 MARKET CAP: \$2.29T

SHARES OUTSTANDING: 17.1B PUBLIC FLOAT: 17.09B

BETA: 1.14 REV. PER EMPLOYEE: \$1.98M

### Apple Inc.

PREMARKET Last Updated: Sep 3, 2020 at 5:45 a.m. EDT - Delayed quote

**\$129.12**

▼ -2.28 -1.74%

Before Hours Volume: 208.1K Technology: ▲ 2.02%

Advanced Charting 1D \$ % VOL

CLOSE	CHG	CHG %
\$131.40	-2.78	-2.07%

52 WEEK RANGE: \$129.15 - 137.98

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### Microsoft Corp.

PREMARKET Last Updated: Sep 3, 2020 5:55 a.m. EDT - Delayed quote

**\$230.11**

▼ -1.54 -0.66%

Before Hours Volume: 29.2K Technology: ▲ 2.02%

Advanced Charting 1D \$ % VOL

CLOSE	CHG	CHG %
\$231.65	4.38	1.93%

52 WEEK RANGE: \$230.11 - 232.86

OPEN: \$227.97 DAY RANGE: 227.35 - 232.86

52 WEEK RANGE: 132.52 - 232.86 MARKET CAP: \$1.72T

SHARES OUTSTANDING: 7.57B PUBLIC FLOAT: 7.46B

BETA: 1.18 REV. PER EMPLOYEE: \$902.47K

### Amazon.com Inc.

PREMARKET Last Updated: Sep 3, 2020 at 5:38 a.m. EDT - Delayed quote

**\$3,512.00**

▼ -19.45 -0.55%

Before Hours Volume: 3.1K Retail/Wholesale: ▲ 1.34%

Advanced Charting 1D \$ % VOL

CLOSE	CHG	CHG %
\$3,531.45	32.33	0.92%

52 WEEK RANGE: \$3,512.00 - 3,552.25

OPEN: \$3,547.00 DAY RANGE: 3,486.69 - 3,552.25

52 WEEK RANGE: 1,626.03 - 3,552.25 MARKET CAP: \$1.75T

SHARES OUTSTANDING: 500.89M PUBLIC FLOAT: 425.76M

BETA: 0.91 REV. PER EMPLOYEE: \$359.67K

### Amazon.com Inc.

PREMARKET Last Updated: Sep 3, 2020 at 5:38 a.m. EDT - Delayed quote

**\$3,511.00**

▼ -20.45 -0.58%

Before Hours Volume: 3.1K Retail/Wholesale: ▲ 1.34%

Advanced Charting 1D \$ % VOL

CLOSE	CHG	CHG %
\$3,531.45	32.33	0.92%

52 WEEK RANGE: \$3,512.00 - 3,552.25

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SHARES OUTSTANDING: 7.57B PUBLIC FLOAT: 7.46B

BETA: 1.18 REV. PER EMPLOYEE: \$902.47K

### Tesla Inc.

PREMARKET Last Updated: Sep 3, 2020 at 5:48 a.m. EDT - Delayed quote

**\$413.00**

▼ -34.37 -7.68%

Before Hours Volume: 294.9K Automotive: ▼ -7.04%

Advanced Charting 1D \$ % VOL

CLOSE	CHG	CHG %
\$447.37	-27.68	-5.83%

52 WEEK RANGE: \$413.00 - 479.04

OPEN: \$478.99 DAY RANGE: 405.12 - 479.04

52 WEEK RANGE: 43.67 - 502.49 MARKET CAP: \$442.66B

SHARES OUTSTANDING: 931.81M PUBLIC FLOAT: 741.02M

BETA: 1.24 REV. PER EMPLOYEE: \$439.63K

### Tesla Inc.

PREMARKET Last Updated: Sep 3, 2020 at 5:46 a.m. EDT - Delayed quote

**\$412.90**

▼ -34.47 -7.71%

Before Hours Volume: 294.9K Automotive: ▼ -7.04%

Advanced Charting 1D \$ % VOL

CLOSE	CHG	CHG %
\$447.37	-27.68	-5.83%

52 WEEK RANGE: \$413.00 - 479.04

OPEN: \$478.99 DAY RANGE: 405.12 - 479.04

52 WEEK RANGE: 43.67 - 502.49 MARKET CAP: \$442.66B

SHARES OUTSTANDING: 931.81M PUBLIC FLOAT: 741.02M

BETA: 1.24 REV. PER EMPLOYEE: \$439.63K

### Walt Disney Co.

PREMARKET Last Updated: Sep 3, 2020 5:44 a.m. EDT - Delayed quote

**\$134.50**

▼ -0.89 -0.66%

Before Hours Volume: 1.4K Media/Entertainment: ▼ -0.66%

Advanced Charting 1D \$ % VOL

CLOSE	CHG	CHG %
\$135.39	1.84	1.38%

52 WEEK RANGE: \$134.50 - 137.98

OPEN: \$134.50 DAY RANGE: 134.50 - 137.98

52 WEEK RANGE: 134.50 - 137.98 MARKET CAP: \$134.50B

SHARES OUTSTANDING: 1.4K PUBLIC FLOAT: 1.4K

BETA: 1.18 REV. PER EMPLOYEE: \$902.47K