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THE MARKET WITH YOUR ESPRESSO

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Five News to Start Your Day

Conflicting Accounts

Trump said, on Wednesday, that a Covid vaccine could be distributed as early as October. However, contradicting statements by some of his top health officials put the range between March to the end of 2021.

Economic Stimulus

House Speaker Nancy Pelosi rejected calls from some Democratic moderates to hold a vote on a smaller coronavirus bailout bill, instead renewing her push to get President Donald Trump to agree to a \$2.2 trillion package. One Senate Republican said the latest bill would not be well received in that chamber, but Trump aides indicated they might consider it.

Liar Liar Pants On Fire

Boeing concealed the dangers of the anti-stall feature that brought down two of its infamous 737 MAX airliners, said a report released by the US House of Representatives. The document exposes that engineers and test pilots at the company expressed concern over the new feature and were ignored in the interest of a fast certification.

Fed To Decide

The Fed kept rates steady at near zero on Wednesday, suggesting interest rates might stay there through 2023. Updated Fed forecasts see a 3.7% contraction in GDP with unemployment rates reaching 7.6% by the end year.

Unemployment

Another 850,000 Americans are expected to file for first-time unemployment benefits, just slightly down from last week's 884,000, confirming that the economic recovery is picking up. Economists, however, say not to be too optimistic, the economy may not be sinking but it is certainly not getting any better.

Keep Your Fingers Crossed

In June, the IMF downgraded its outlook on the economy, anticipating a contraction of 4.9% for 2020. This was concerning to some but unsurprising, as the pandemic had put a halt on the world economies. However, many also found a green silver lining in it, hoping it would help our rapidly growing climate change problem. It made sense, less planes, cars, shopping or commuting meant less fuel burned, less carbon spewed into the atmosphere, but the effect was minimal.

Meghan O'Sullivan, a professor at Harvard University, explained that in order for this to make a real difference, it would have to happen over and over again to the point that it would bring economic destruction and misery all over the world. And while this might just be one opinion, the science is behind it. The International Energy Agency projects that global carbon emissions will drop by 8% for 2020. This might seem like good news but it only sheds a light on the uphill battle we face ahead if we want to fight climate change. The UN Environment Program released an emissions gap report last November that determined the world would need to decrease emissions by 7.6% every year until 2030 if it wished to keep global temperatures from rising above 1.5 degrees Celsius. If it took a pandemic that halted the world's economy for months to reach that number, how will we make it every year?

It might seem like 1.5 is an arbitrary number but the dangers of surpassing it are real. According to an IPCC report published in 2018, if the world's average temperature were to rise above that hard line to the previous limit of 2 degrees Celsius, we would see irreversible consequences, such as: the disappearance of 99% of corals worldwide, sea level rises of 10 cm more than anticipated, mass extinctions, severe droughts, etc. Sounds like an apocalyptic movie but it is an incredibly feasible reality if nothing is done. The truth is, if we are betting on this dooms day scenario not coming true, we better pray for a strong economy.

Fast Fashion Pick Up

Demand for fast-fashion is back on the rise. Inditex and H&M both released financial reports showing that even if demand is not at pre-Covid levels, it is on the rise, fueled by people's social lives picking up.

Staying The Same

The Bank of England is expected to leave interest rates unchanged and maintain its package of economic stimulus on Thursday, despite increasing pressure from the English Central Bank.

Raising The Stakes

Amazon plans to open more than 1,000 small delivery hubs in cities and suburbs all over the U.S., making shopping online as fast as a trip to the store, and thus more convenient than heading to a Walmart.

Unemployment Marathon

According to its central bank, Spain could be stuck with an unemployment rate of around 20% through 2022, as the economy continues to struggle to shake off the lasting damage of the pandemic.

Australia and Food

Australia's food exporters are facing a challenging year, with the value of shipments set to drop by 10%, the country grapples with worsening Chinese ties, shrinking meat sales and a virus-driven downturn in demand. Government forecaster, Australian Bureau of Food and Agriculture, expects agricultural exports to shrink to \$31.7 billion as prices for many of its exports, including meat, wheat, barley and wine, slump due to the pandemic and Chinese trade restrictions. Lower meat output, as rains spur farmers to retain cattle rather than slaughter them, is set to reduce the volume and value of exports, while rising grains production will offset the negative impact on shipments of lower prices..



Fed Ex On The Rise

The wave of e-commerce demand propelled by the pandemic bolstered pricing power and boosted earnings for Fed Ex. In a statement on Tuesday, Fed Ex said sales of their ground-delivery unit jumped 36% to \$7B and operating margins rose to 11.8%, the highest in a year.

Matt Arnold, an analyst with Edward Jones, said that “demand is so strong at this point that they’re emboldened to start taking price to a greater extent, which can be a very powerful driver of profitability”. The company is cashing in surcharges from big customers, which are making home deliveries more profitable than ever before. Their stock has been on the up, 57% this year and 9.2% just on Wednesday.

A Last Mile Solution

According to Citycon Oyj, a company that operates 40 malls across the Nordic countries and Estonia, bringing shopping malls to the online space could be the answer to the “last-mile” dilemma, namely how to slash delivery costs for e-commerce platforms before a product reaches its buyer.

Citycon is building a “click-and-collect” service, which would allow consumers to shop the malls offering on one website and pick up the goods at a convenient location. As the rest of the world predicts the death of malls to the rise of e-commerce, pushing mall owners to look into alternative ways to use their real state, Ball believes that they could become the answer to the last mile problem.



COVID MARKET WINNERS: CARVANA AND VROOM

Used car sales is the largest consumer product category in the US. However, they have yet to migrate online, with less than 1% of online car sales being from used cars, according to investment bank Stifel. The firm believes there is incredible potential growth in this area. Moreover, limited supply of new cars due to temporary production halts amid Covid should boost demand for used cars. As a result, online retailers like Carvana and Vroom will come out as the pandemic winners, as awareness and interest in the area accelerates e-commerce adoption.

The Pre-Market Watch

Pre Market Most Active Stocks

Name	Symbol	Last	Chg.	Chg. %	Vol.	Time
↑ Sorrento Therape	SRNE	10.59	+2.23	+26.67%	3.63M	07:33:37
↑ Northern Dynasty Mi.	NAK	1.2700	+0.3139	+32.83%	2.23M	07:33:40
↑ General Electric	GE	6.90	+0.15	+2.22%	1.25M	7:33:26
↑ Enservco Co	ENSV	0.1753	+0.0479	+37.60%	1.14M	7:33:09
↓ Apple Inc	AAPL	110.46	-1.67	-1.49%	1.01M	07:33:40
↑ Eastman Kodak Co	KODK	9.04	+0.53	+6.23%	871.99K	07:33:45
↓ Tesla Inc	TSLA	427.00	-14.76	-3.34%	610.10K	07:33:48
↑ Ibio Inc	IBIO	2.3400	+0.1900	+8.84%	592.94K	07:33:49
↑ Gevo Inc	GEVO	0.960	+0.080	+9.15%	533.01K	7:27:27
↓ Nio A ADR	NIO	18.52	-0.49	-2.58%	493.17K	7:32:48



Pre Market Top Gainers

Name	Last	Chg. %	Vol.
↑ Enservco Co	0.1753	+37.60%	1.14M
↑ Northern Dyna...	1.2700	+32.83%	2.23M
↑ Matlin & Partn...	0.350	+30.68%	1.00K
↑ Sorrento Thera...	10.59	+26.67%	3.63M
↑ 51Job Inc	78.20	+14.80%	0.12K

Pre Market Top Losers

Name	Last	Chg. %	Vol.
↓ Verso Corp	11.45	-20.54%	2.22K
↓ Qurate Retail B	13.20	-19.51%	0.03K
↓ Strongbridge ...	2.380	-15.00%	11.96K
↓ NuCana PLC	4.85	-14.76%	16.45K
↓ Dave & Buster'...	16.70	-12.63%	177.59K



DAX

13,172.65
-82.72 | -0.62%



FTSE 100

6,054.00
-24.48 | -0.40%



CAC 40

5,039.00
-35.42 | -0.70%



Euro Stoxx 50

3,309.47
-29.37 | -0.88%



FTSE MIB

19,743.50
-220.49 | -1.10%



IBEX 35

7,067.00
-43.80 | -0.62%



Nikkei 225

23,319.37
-156.16 | -0.67%



Hang Seng

24,340.85
-384.78 | -1.56%



KOSPI

2,406.17
-29.75 | -1.22%



S&P/ASX 200

5,883.20
-72.90 | -1.22%



Shanghai

3,270.44
-13.49 | -0.41%



BSE Sensex

38,979.85
-323.00 | -0.82%

