



October 14, 2020, 7:00 AM EST

THE MARKET WITH YOUR ESPRESSO

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Five News to Start Your Day

The Markets

US stocks futures edged lower as investors prepared for banks to report earnings today. Bank of America reported this morning citing provisions for credit losses of \$1.4B, better than the expected \$1.8B. Wells Fargo and Goldman Sachs are also expected to release earnings later today, investors are hoping this will be the spark that pushes the equity markets.

Brexit Heats Up

A day before Boris Johnson's deadline for abandoning the negotiations expires, the UK and the EU are locked in talks with the deal on their future relationship dangling on the line. The EU has taken a hard-line stance on fisheries, also calling for the UK to cede ground in other key areas such as business subsidies. Johnson will decide whether to walk away after talks today.

Paused Trials

Both Eli Lilly and Johnson&Johnson reported having to put their trials on pause mere hours apart. Eli Lilly put its government-sponsored antibody drug tests on hold due to potential safety concerns that surfaced during the trials. And J&J paused its Covid vaccine trial due to a participant's unexplained illness, not unlike the concerns that came up in the AstraZeneca trials.

Apple Launch

Apple launched its latest iPhone 12 with 5G speed and new screens last night. Investors expect for the product to kick off a new cycle of sales for the tech mammoth. The product starts at \$799, with its mini-version costing \$699, the Pro version at \$999 and the Pro Max at \$1,099. Shares fell 2.5% ahead of the event.

Tough Senate Hearings

In Day 2 of Supreme Court Justice hearings, Amy Barrett was questioned by Senator Kamala Harris over the Affordable Care Act (Obamacare) and her views on abortion. With the latter, Harris was aiming to make a case that the Nominee is far from unbiased on the issue of reproductive rights. Barrett continued to dodge questions on healthcare, abortion and election law.

A(nother) Green Proposal

Larry Fink, the CEO at BlackRock said in an IMF virtual event that the world could be a lot greener if office buildings never again reached full capacity. Fink argued that id just half of the workers returned to offices, traffic in the cities would be eased, and employees' quality of life could be improved.

Bold Moves

SoftBank has joined the blank-check binge armed with billions in cash, by launching its own blank-check firm in the following two weeks. The move to start a SPAC has been hailed as a surprisingly strategic by investors. SoftBank is currently in talks with Goldman Sachs and Citi about the SPAC listing.

Test Approved

Rapid New Covid-19 test from the Pharma company Access Bio was cleared for use in the US by the FDA on Tuesday. The test doesn't need added equipment and would provide results in as little as ten minutes. This test could play a key role in the expansion of testing access globally and help fight the rising pandemic.

IEA Call For Action

The International Energy Agency has released its annual flagship report and used it to flag that the world is headed toward global warming higher than the 1.5 C degree limit. In the report, the agency laid out a roadmap for countries to move towards using more clean energy on a more aggressive timeline.

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A (Not So) Winning Proposal

The EU made a move this Tuesday to help restart flights in the region, but airlines and airports have warned the move could be futile. The region is hope to utilize a coordinated approach to solve the coronavirus-related travel curbs. The measures, however, do not address one of the most important factors, finding a way to replace the quarantine requirements with Covid tests.

For months, airlines have been proposing rapid Covid tests be provided for travelers in the airports in order to forge the travel quarantine requirements in place. However, while well-meant, the latest EU proposition not only does not address this issue, but also would not protect travelers from being refused entry into other EU countries.

Is Your Cash Safe?

Brokerage apps have made it incredibly easy for investors to trade anywhere, and the use of biometrics to identify users when logging into the app makes it feel specially safe. However, since the pandemic, some Robinhood customers have complained saying their money was stolen. Cybersecurity experts say the boom in online stock trading has given hackers an unparalleled opportunity, and that the most diligent traders could fall prey to the sophisticated tactics of online thieves. Andrew Stoltmann, a Chicago-based lawyer said “cyber hacking has now become the biggest threat to investor’s financial well-being...Unfortunately brokerage firms haven’t invested the money needed in order to keep cyber hacking of brokerage accounts from happening.” The firm sustains no breach of its systems has occurred.

Shopping Sprees

In the last month, the commodities markets have seen a rally in the prices for corn, wheat and soybeans. A number of factors have been adding to this rally, such as floods in China, and the country’s increased purchases to meet commitments under its phase one trade deal with the US. However, China has also decided to heed its early pandemic lessons and stockpile on supplies, and they are not the only country doing so. Agricultural commodities buyers have been on shopping sprees worldwide. Jordan has built up record reserves of wheat, Egypt, the world’s top grain buyer, has boosted purchases since April by. More than 50%, and Taiwan has said it will boost strategic food stockpiles. A Bank of America analyst in the bank’s global commodities group said that “Covid-19 has forced consumers to shift from just-in-time inventory management to a more conservative approach which was labeled just-in-case...The result is that consumers are holding more inventory as a precaution against future supply disruption”. A senior economist for the UN’s Food and Agriculture Organization explained that countries have decided to bring their food purchases forward to ensure supplies in case Covid rattles supply chains.



COVID MARKET WINNERS:

NAUTILUS

Nautilus is the predecessor to Peloton in the workout world. The 34-year-old American firm develops and manufactures stationary bicycles and at-home workout equipment. Nautilus is what we call the real Covid winner as, at the beginning of the year, its stock was trading at less than \$2 a share as a penny stock. Still, the demand for at-home workout equipment has grown so robustly in 2020 that even Nautilus has seen net sales grow 94% in the last quarter, with \$114.2 million in sales, and its stock is up around 800% in what goes of 2020. The investment research firm Citron research that even at \$15 a share, Nautilus still has room left to run as connected fitness grows.