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THE MARKET WITH YOUR ESPRESSO

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## Five News to Start Your Day

### Debate Disaster

Last night was the first of many US presidential debates to come as Election Day approaches. No clear winner was announced, after both Biden and Trump spent the evening throwing insults at each other as they discussed topics from healthcare to the economy to their families.

### Virus Updates

The US midwest is seeing Covid cases steeply rising, Germany has followed in the footsteps of other EU nations in trying to crack down public and private parties to stop the rise of cases, and Boris Johnson had to apologize for not explaining the new Covid restrictions well.

### LifeBoat On Pause

The German government has warned that the EU's 1.8 trillion-euro stimulus and package deal might be facing some delays. These come as member states continue to disagree on how to best "enforce democratic values" and a series of budget negotiations blockades.

### The Stimulus and The Market

Talks on expanding the US stimulus package ended yesterday with no plans to resume. If no deal is reached, the House will proceed to vote for the plan, even without Republican support. The lack of clear path forward on aid and the rising Covid cases in the US spooked investors and ended the end-of-the-month rebound, with every two of the S&P 500's stocks slumping for every one that rose.

### Finally, Some Good News

A new Covid-19 test called BinaxNow from Abbott that can have results ready in as little as 15 minutes has been approved. The test will soon be available in 133 countries, increasing testing capacity worldwide. A game changer in the fight against Covid.

## Women v. Men: Funds Edition

In an effort to celebrate the centennial of US women winning the right to vote, Goldman Sachs analyzed 496 US equity funds with a total combined assets of \$2.4tn. The analysis was done to compare the performance of funds where at least one third of the management roles were filled by women top portfolio management teams entirely run by men. And the results speak for themselves.

According to the US bank, all-women and mixed-gender US fund teams outperformed all-man management teams so far this year. Women working in finance, especially in the investment industry remain a rarity, despite ample evidence that more diverse teams produce better results. Only 14 out of the 496 funds analyzed were run by all female teams, another 49 funds had portfolio management teams that were one-third female, but the vast majority, 380 funds, had all male teams.

David Kostin, Goldman Sachs' chief US equity strategist, explained that "even after adjusting for risk, female managed funds outperformed their male counterparts amid the coronavirus-related market swings". One of the top female managed funds, Bailie Gifford's US equity growth fund, outperformed its benchmark by 55% this year. JP Morgan's Tax Aware equity fund, the best performer among women-only funds, outperformed its benchmark by 27% so far this year. Kostin explained that part of the divergence came from the positioning of female funds, which chose to invest less than their male counterparts in sectors like the information technology and invest more in the financial sector.

Morningstar found in 2019 that women accounted for only 14% of the 25,000 fund managers working in 56 countries. Even though fund management firms have become more vocal about the need for diversity, this number remain unchanged since 2000. Even as women's representation in the financial industries continue to struggle, the influential gatekeepers at fund managers are starting to advocate to incorporate measures of diversity in the selection process.

### No Wins For The British

Boris Johnson is preparing for a defeat in Parliament over his controversial bill to rewrite the Brexit deal. The attack of the bill in the House of Lords could lead to more negotiation chaos with the EU.

### Oil Slumps

As oil demand continues to slump, Royal Dutch Shell has said it plans to cut 7,000 to 9,000 jobs. The move comes five months after the company slashed its dividend for the first time since World War II.

### Spooked Futures

After an caustic presidential debate, US stock futures sipped. Investors fretted about a second wave of infections and risks around election. Futures tied to the S&P dropped 0.9%, and Nasdaq futures fell 1%.

### More Job Cuts

Disney has announced it will lay off 28,000 people working at their US theme parks. The company cited limited visitor capacity and uncertainty due to the pandemic as the reasons behind the lay offs.

## The Worst Is Yet To Come

The pandemic has decimated worldwide economies, but it seems New York might be one of the most hard hit. Across the region, bankruptcy filings have risen 40% with almost 6,000 NYC businesses closing their doors. Howbeit, Al Togut, an insolvency lawyer, believes the worse is yet to come.

With the virus showing resurgence in NYC, employees refusing to return to offices and cold weather preventing outdoor dining and shopping to continue, a third of New York businesses are expected to close shop, perhaps forever, that's almost 77,000 businesses. Square reported that businesses using their service in the city are earning only 62% of the revenue they earned pre-pandemic.



## JP Morgan and Spoofing

Bloomberg defines 'spoofing' as "a way to manipulate financial markets for illegitimate profit...[by] tricking other investors into buying or selling by entering buy or sell orders with no intention of filling them". The fake orders create fake demand that manipulates prices up or down and undermines market legitimacy. At the end of this month, JP Morgan & Chase, the largest bank in the US, agreed to pay \$920 million to settle an investigating on such a scheme. According to the settlement, the bank's Treasury traders actively engaged in spoofing from 2009 to 2016, specially engaging in manipulative trades of futures tied to precious metals and Treasury bonds. Reality is, in the new era of computerized trading, regulators continue to struggle to control the issue of spoofing in the markets.

## Another Tariff War On The Horizon

A WTO ruling just gave the EU authorization to impose tariffs on \$4bn of US exports due to "illegal government aid" given to Boeing Co. by the US. The EU had already declared it would retaliate against the \$7.5bn of tariffs the states had imposed on Airbus. The moment could not be less (or more) perfect, with the US election right around the corner and the EU struggling to recover economically. The tariffs will target politically important industries such as aircraft makers, coal producers, farmers and fisheries. Simon Lester, an associate director at the Cato Institute said that if the sides cannot resolve the dispute "we will have another tariff fight on our hands, with consumers and producers on both sides caught in the middle and paying the price".



### COVID MARKET WINNERS: SHOPIFY

A clear winner from our newfound reality is Shopify. The Canadian company is considered by analysts as the "anti-Amazon", because while both are platforms focus on digital sales, their business models greatly differ. Amazon views its main customer as its shoppers, while Shopify's customers are the brand owners that use their services. The company is one of many that are benefiting from the rapid trend acceleration propelled by Covid. The e-commerce software stock was a huge winner in 2019, continuing to outperform until the September tech slump.

# The Pre-Market Watch

## Pre Market Most Active Stocks

Name	Symbol	Last	Chg.	Chg. %	Vol.	Time
Iterum Therapeutics	ITRM	1.32	+0.68	+105.35%	10.29M	07:47:33
CTi Biopharma Corp	CTIC	2.520	+1.470	+140.00%	3.59M	07:47:29
The9 Ltd ADR	NCTY	0.340	-0.180	-34.65%	2.66M	7:46:51
Sundial Growers	SNDL	0.20	+0.01	+5.84%	2.36M	7:43:34
Oasis	OAS	0.244	-0.166	-40.52%	2.21M	7:47:09
Nio A ADR	NIO	21.58	+0.73	+3.50%	1.49M	7:47:10
Aptorum A	APM	3.09	-1.67	-35.08%	938.60K	07:47:31
RA Medical Systems	RMED	0.300	+0.015	+5.42%	856.55K	7:46:47
Jiayin Group Inc	JFIN	3.65	+0.61	+20.07%	685.56K	7:40:16
FuelCell Energy	FCEL	2.200	-0.360	-14.06%	685.27K	7:44:13



## Pre Market Top Gainers

Name	Last	Chg. %	Vol.
CTi Biopharma...	2.520	+140.00%	3.59M
Iterum Therap...	1.32	+105.35%	10.29M
Tuniu Corp	1.250	+34.74%	670.08K
Good Times	1.780	+25.35%	0.00K
Yunji Inc	2.16	+23.43%	653.32K

## Pre Market Top Losers

Name	Last	Chg. %	Vol.
Oasis	0.244	-40.52%	2.21M
Aptorum A	3.09	-35.08%	938.60K
The9 Ltd ADR	0.340	-34.65%	2.66M
Houston Ameri...	2.1700	-27.18%	103.59K
Adial Pharma	2.310	-23.76%	215.72K

