



October 2, 2020, 7:00 AM EST

THE MARKET WITH YOUR ESPRESSO

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## Five News to Start Your Day

### POTUS Down

Early this morning, Donald Trump announced both he and the First Lady tested positive for Covid-19 after a close aid had tested positive for the virus as well. The announcement could put a strain on Trump's re-election campaign with less than a month to go for Election Day as the president struggles to gain ground on his Democratic opponent, Joe Biden.

### The Markets

Both US futures and European stocks fell this morning after Trump announced he had tested positive for the coronavirus. The CBOE volatility index (VIX) jumped to a three-week high, while treasuries and gold, often known as havens for volatile times rose along with European bonds.

### Recession To Beat

Consumer prices in the Euro area fell more than economists had forecasted in September. The steep dive continues to enforce pressure on the European Central Bank as the body continues to debate whether or not to add stimulus to propel the recovery from the Covid recession. The September inflation rate came at -0.3%, with prices for services such as food and energy taking a hit even after August's fall.

### Brexit To Resume

PM Boris Johnson is set to intervene in the Brexit negotiations for the first time since June. He will hold talks on Saturday with the European Commission's President Ursula von Der Leyen in an attempt to break the impasse halting progress in the talks. This could be a positive step forward in the negotiations.

### No Cruises For US

The CDC issued an extension on its ban on passenger cruises leaving from US ports through October 31. The organization first issued a no-sail order through March 14, but it was overruled by the White House. The overruling was seen as a political movement by the Trump administration to gain support in Florida where the cruise industry is essential to the economy.

## Stimulus Impasse

The House passed a Democrat-only \$2.2 tn stimulus package, with no Republican support. Talks on the bill had been ongoing since August, but have failed to come to a resolution. Economists have cut their forecast for growth in the American economy this fourth quarter after no deal was reached on the stimulus package.

## Formula 1

Honda will be exiting the F1 at the end of the 2021 season. The move comes as Covid continues to leave a large dent in car sales, & the world shifts to more electric cars. The firm which had previously left the F1 after the financial crisis, returning in 2015, supplies Red Bull and AlphaTauri with engines in the race.

## An H1-B Win

A federal judge ruled against the Trump administration's ban that prevented companies from bringing people to work for the under work visas. The decision, however, only applies to the four plaintiffs and the ban is still in place. Companies insist the ban prevents America from acquiring top talent.

## Bread-less Subway

The Irish Supreme Court has ruled that due to the amount of sugar used to make Subway's "bread", it can no longer be called that. Under Irish law, sugar can make up no more than 2% of the weight of the flour used to make dough for bread, and the sugar in Subway's "bread" makes up for 10% of its weight.

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## Chinese Economy Strikes Back

China's economic recovery picked up speed this past September. Analysts explained that a rebound in global demand and gov'ts supportive economic measures pushed factory activity to rise and helped rise sentiment in the service sector at its highest level in seven years.

According to the National Bureau of Statistics, the Chinese official manufacturing index rose to 51.5 in September, up from August's 51.0 and economic forecasts. Any reading above 50 suggest the economy is in expansion mode. Other indexes in the nation are also pointing to a strong recovery. China's non manufacturing PMI, which includes service and construction, jumped to 55.9 in September, the highest results since November 2013.

## Covid and The Presidency

President Donald Trump's Covid-19 diagnosis may drastically reshape the outlook of the US presidential Election just weeks before Election Day. The diagnosis prompted the White House to cancel rallies and political events planned in Florida, as well as campaign and fundraising trips for the upcoming days. Trump has, historically, leaned on in-person appearances to rally support and raise funds. Trump had hoped to turn the conversation around to economic recovery and civil unrest, where he has the advantage, by pushing the confirmation of his Supreme Court nominee. But with Biden currently leading by about 7% points in national polls, in part due to the president's response to the pandemic, and Trump having to isolate for at least 10 days, the battle for the presidency is now more uphill than ever.

## A Changing Trading Market

In the past, it used to be hard to trade stocks. In order to participate in the market you had to go through hoops, now you head to the App Store, download an app and go on your investment journey. Trading platforms such as Robinhood, TD Ameritrade, and Schwab have completely changed the face of investing by helping democratize it, both by making it more easily accessible and cheaper. And while the rise of regular Joes investing in the markets was already undergoing, the pandemic sped it in a manner unlike we could have expected. According to Bloomberg Intelligence, 20% of stock trades are now made by retail investors, with 50% of Robinhood's new customers this year being first time traders and 75% of all options trading in July expired in less than two weeks, which according to Goldman is a sign of retail traders. While some believe this to be great news, a sign of the changing times we are living, others see it for what it could be: potentially dangerous and harmful to the markets. Industry professionals and regulators are afraid that the platforms gamifies trading and exposes new traders to high levels of risk.



### COVID MARKET WINNERS: CARRIER GLOBAL

Carrier Global is one of the largest HVAC manufacturers worldwide, with \$18.6B in sales last year. The firm employs over 58,000 people and has been named the "2020's best performing stock" by Forbes, up by 67.9% this year alone. The company's rise can come as no surprise, with more people staying home HVAC services have become more important globally. Still, its rise leaves us something to consider about how to find new stocks to invest in by using consumer trends driving consumption. For example investing in grocery stores as restaurants shut, or home entertainment as people stay more and more at home.