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THE MARKET WITH YOUR ESPRESSO

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Five News to Start Your Day

Not Ruling Out Lockdowns

UK Health Secretary declined to rule out second lockdown as Covid cases and hospital admissions in the country rise. Daily Covid cases in the country are running at May levels, its test and trace system is under strain and millions have been put under local restrictions to limit the spread.

Facebook (*allegedly*) 007

Facebook is being sued for allegedly spying on Instagram users, by the unauthorized use of their cellphone cameras. The lawsuit came from media reports in July that the app seemed to be accessing iPhone cameras even when not in use. The company denies the accusations.

The TikTok Trump Dance

The Treasury Department, ByteDance and Oracle might be reaching an accord on Oracle's bid for TikTok. The US Treasury is said to have sent a revised terms sheet that addressed the national security concerns on Wed. Trump still has final say, but if it went through the newly formed US company would be set to IPO in a year.

US Slow Recovery

According to economies, the US economy recovered slowly in September. However, the fact that the economy is not in outright contraction even in the absence of a new stimulus suggests that this slower-growth recovery may continue even in the absence of a new stimulus package.

Warning Signs

AstraZeneca contradicted a report that a volunteer in the UK trials of the shot developed a rare nerve disease, shining a light on severe safety issues. The drugmaker explained that the report was based on preliminary findings and inaccurate. The company's CEO said it remains unclear if the participant has the condition.

PE Market is Open For Business

The Trump administration has set a plan in motion that will permit 401(k) plans for American workers to invest with Private Equity (PE) firms. The Department of Labor said in June that the plan would open up a wider range of investment options to consumers, letting them access asset classes that have better earnings than stocks and bonds. Still, may disagreed with the move, saying it would expose unsophisticated investors to an industry that would lock up their money for years while backing risky businesses filled with debt.

US security laws openly discriminate against investors depending on the size of their wallet. A great example of this are private markets, venture capital and private equity that can only be accessed by investors through private funds. Seems simple enough, but securities laws mandate that those that invest in these funds meet a certain income and net worth, which excludes 90% of Americans. While the justification behind this is protection, money managers argue that high net worths don't necessarily indicate high levels of financial sophistication.

However, many argue that these laws are not about liberties, but rather about safe-guarding not only investors but the economy. In the past, giving rookie investors equal access to leverage has caused big trouble. Moreover, even the best foundations and endowments with unlimited access to asset classes and resources have a hard time selecting alternatives that outperform a 60/40 portfolio of stocks and bonds. PE firms are not registered with the SEC, are not transparent and for the most part are expensive and underperforming. Therefore, arguably, this move would not benefit working Americans much. Whether or not it is what is right, the SEC has been trying to open up private markets, just last month they amended who could access them by allowing in investors with financial knowledge, experience or certifications. However, they are still a long way from letting Mom and Pop invest in the private equity market.

UK Retail Sales Rise

UK retail sales grew for the fourth consecutive month, surpassing pre-Covid level, showed data. Retail volume rose 0.8%, less than July's 3.7% but more than the forecasted 0.7% and 4% higher than pre-Covid sales

Ericsson & 5G

Ericsson will acquire US-based Cradlepoint for \$1.1 billion. The acquisition is in line with Ericsson's ongoing strategy of capturing market share in the 5G Enterprise space and is expected to close by end of 2020.

Unresponsive

Muslim Advocates said Facebook has not heeded warnings on hate and militia groups promoting violence on the platform. The group has warned top execs more than 10 times since 2015, without receiving response.

Snowflake

Snowflake's stock, which exploded as high as 165% in its IPO, could double from this moment if it outperforms its rival Oracle. The company raised \$3.4B Wednesday in the largest software IPO ever.

No Bubble But Beware

On Thursday, Credit Suisse advised clients to invest in the tech sector with increased caution, even as tech stocks remain some of the top picks for the bank. Tech mega-caps crowding and stretched valuations has led several analysts to raise dot-com-era bubble concerns in the market. However, analysts believe tech stocks to be “only modestly expensive”. Saying tech investment as a share of gross product still sits near its average and capital-expenditure-to-sales ratio in tech is far from being at extended levels. The Swiss bank insists current demand for tech stocks is in line with historical trends, unlike in the dot-com bubble where demand for tech was 12% above its historical trend. The firm recommended to take money off the tech table, & be more selective to mitigate risk.



Sotheby's For Commoners

Sotheby's reported that it has seen an increase of 30% in new bidders and buyers as of this year, and that 30% of all bidders are now under 40. The company's online auctions for 2020 have exceeded \$285 million, three times its online results for 2019. Mikael Wallhagen, head of watches of Sotheby's Geneva, said that “in general, prices all over are strong - but watches in particular. We have reached a lot of new clients with our smaller online sales and made our sales more accessible”. As American retailers shut their doors due to the pandemic, auction houses have become shopping destinations for those looking to buy luxury goods. The move has been made possible thanks to Zoom previews, online video condition reports and easy online bidding.

VIX and Elections

Michael Schumacher, head of rates strategy at Wells Fargo, said the stock market should prepare for a lot of volatility post Election Day. The Wells Fargo strategist explained that on a normal election year, it would be election day and day after that are expected to be volatile, but the markets indicate otherwise this year. The VIX is currently trading at around 26, having spiked as high as 69 mid-March. However, VIX futures suggest investors anticipate bigger market swings as Election Day draws closer. The October contract is trading at around 30.25, while the November contract (Election month) is trading at 30.50. Schumacher said that the premium of the November contract has still not come down, although the why remained uncertain & that some investors may flock treasuries due to it.



COVID MARKET WINNERS: *ETSY*

Etsy is an online marketplace that connects sellers with buyers. And it has benefited greatly from the pandemic by catering to demand for masks. Even so, it has also experienced a surge in growth outside of the mask category, with their gross merchandise volume surging 93%, excluding masks, in its second quarter. The IB Stifel explained that, post-pandemic, Etsy has driven greater awareness and has pushed to accelerate purchasing frequency through product enhancements and retention of new and reengaged buyers. Analysts expect a 35% stock surge.

The Pre-Market Watch

Pre Market Most Active Stocks

Name	Symbol	Last	Chg.	Chg. %	Vol.	Time
Carnival Corp	CCL	15.71	-0.53	-3.26%	280.04K	6:07:14
Immutep Ltd ADR	IMMP	2.010	+0.410	+25.62%	267.97K	06:08:05
Santander ADR	SAN	2.02	-0.07	-3.35%	250.33K	6:01:01
Eastman Kodak Co	KODK	11.44	+0.74	+6.92%	246.85K	6:06:20
Oasis	OAS	0.410	-0.125	-23.31%	160.62K	5:56:43
Nio A ADR	NIO	19.66	+0.36	+1.87%	126.04K	6:04:15
Enservco Co	ENSV	0.1789	-0.0001	-0.06%	122.41K	6:06:22
Tesla Inc	TSLA	432.07	+8.64	+2.04%	106.47K	06:08:03
Apple Inc	AAPL	111.50	+1.16	+1.05%	105.19K	06:07:44
Micro Focus ADR	MFGP	3.63	-0.10	-2.68%	91.26K	6:06:13



Pre Market Top Gainers

Name	Last	Chg. %	Vol.
Immutep Ltd A...	2.010	+25.62%	267.97K
Ebang Intl	12.67	+19.64%	1.72K
Nordic Americ...	0.380	+16.09%	47.56K
Cassava Scien...	8.23	+16.08%	16.09K
J Alexanders H...	5.50	+15.06%	0.00K

Pre Market Top Losers

Name	Last	Chg. %	Vol.
TuanChe ADR	0.510	-45.57%	0.15K
Oasis	0.410	-23.31%	160.62K
IsoRay Inc	0.6797	-12.52%	1.40K
Checkpoint Th...	3.080	-12.25%	1.08K
Eyepoint Pharma	0.530	-12.11%	4.10K

