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Major News impacting Markets

Monday, 01 June, 2020

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Major News impacting Market

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US Dollar Losses are Extended, but Momentum Stalls in the European Morning	US stocks extended their gains ahead of the weekend after President Trump shied away from specific actions against China-Hong Kong, and today Hong Kong shares recovered smartly from last week's 3.6% slide. The Hang Seng rose 3.3% today, and the Shanghai Composite gained over 2%. All the markets in the region advanced. Europea's Dow Jones Stoxx 600 was up about 0.5% in late morning turnover, which would be the fifth gain in six sessions. US shares are trading with a softer bias, and many link it to the social unrest in many cities that could hinder re-openings. However, the losses are thus far too small to extrapolate to shift in sentiment or drivers. Benchmark 10-year bonds yields have edged 1-3 bp higher, and the US 10-year yield remains pinned near 66 bp. The dollar is weaker, with the Australian dollar leading the majors with a 1% gain. The euro is the weakest of the majors, and it is up about 0.3%. Most emerging market currencies are also gaining on the US dollar. The South Korean won is the strongest, with about a 1% gain. The JP Morgan Emerging Market Currency Index has edged higher. Today's gain, if sustained, would be the ninth in the past 11 sessions. Gold extended its advance for a third consecutive session but stalled near $1745. Oil is flat, with the July WTI contract around $35.40 **Read More …** **Go to top**
UK factories suffer sharp fall in	British manufacturers saw another sharp downturn in May but the pace of the

May, but less than in April: PMI	slump eased off from April's record fall as the coronavirus shutdown brought much of the economy to a halt, a survey confirmed on Monday. May's final IHS Markit/CIPS Manufacturing Purchasing Managers' Index (PMI) came in at 40.7, little changed from a preliminary reading of 40.6 and far below the 50 level above which the index would signal growth. The reading was up from 32.6 in April, suggesting the sector was not declining as fast as before. The PMI's output component -- which IHS Markit has said previously gives a better picture of the decline -- rose to 35.0 from 16.3. New working practices, doubts about how long coronavirus restrictions would last, weak demand and Brexit worries would slow the recovery, IHS Markit director Rob Dobson said. "This will make the 'new normal' one of the toughest recovery environments many manufacturers will ever have to face," he added. The rate of decline in employment in manufacturing was the second most severe on record after April's plunge. Pockets of growth were mostly linked to healthcare and personal protection equipment, but some firms reported signs of new inflows of business as clients began to reopen and lockdowns around the world were relaxed. Read More … Go to top
China says U.S. attempts to damage China's interest will be countered	China on Monday said that U.S. attempts to harm Chinese interests will be met with firm countermeasures, criticising Washington's decision to end special treatment of Hong Kong as well as actions against Chinese students and companies. Foreign ministry spokesman Zhao Lijian told reporters during a briefing that both countries stand to benefit from bilateral cooperation but said Beijing will resolutely defend its security and development interests. Read More … Go to top
China says U.S. 'addicted to quitting' over plan to withdraw from WHO	China said on Monday the United States was "addicted to quitting" following Washington's decision to leave the World Health Organization (WHO) and said the withdrawal reveals a pursuit of power politics and unilateralism. Foreign ministry spokesman Zhao Lijian told reporters during a daily briefing that the international community disagreed with what he said was the selfish behaviour of the United States. Read More … Go to top
Singapore Looks to Rely Less on Foreign Workers After Pandemic	Singapore will have to find ways to rely less on foreign workers and accelerate automation of some tasks in its post-pandemic economy, Second Minister for Finance Indranee Rajah told reporters Monday. “It should be less and less repetitive manual operation and those should be replaced by automation, and the local population can do more on higher value-added activities,” said Rajah. “But this has to be done in stages with caution because we can not just take out all the manual power all of a sudden.” The topic of foreign workers has come to the fore in the city-state as Covid-19 infections among those living in dormitories have surged, accounting for more than 90% of total confirmed cases in the country. Singapore now has one of the highest number of recorded infections in Asia, with almost 35,000 cases. Separately, Rajah said Singapore will redesign its infrastructure system, with investment focused on partnerships across the clean energy, public health, information & communications technology sectors, while promoting a “friendly regulatory environment,” she said. Rajah also further outlined a previously announced program with the World Bank Group and Singapore Management University to train senior and mid-level regional government officials involved in project preparation. Despite the impact of the pandemic, international financial sources remain available and very keen to support clean energy projects, said Rajah, who is also minister in the prime minister’s office.

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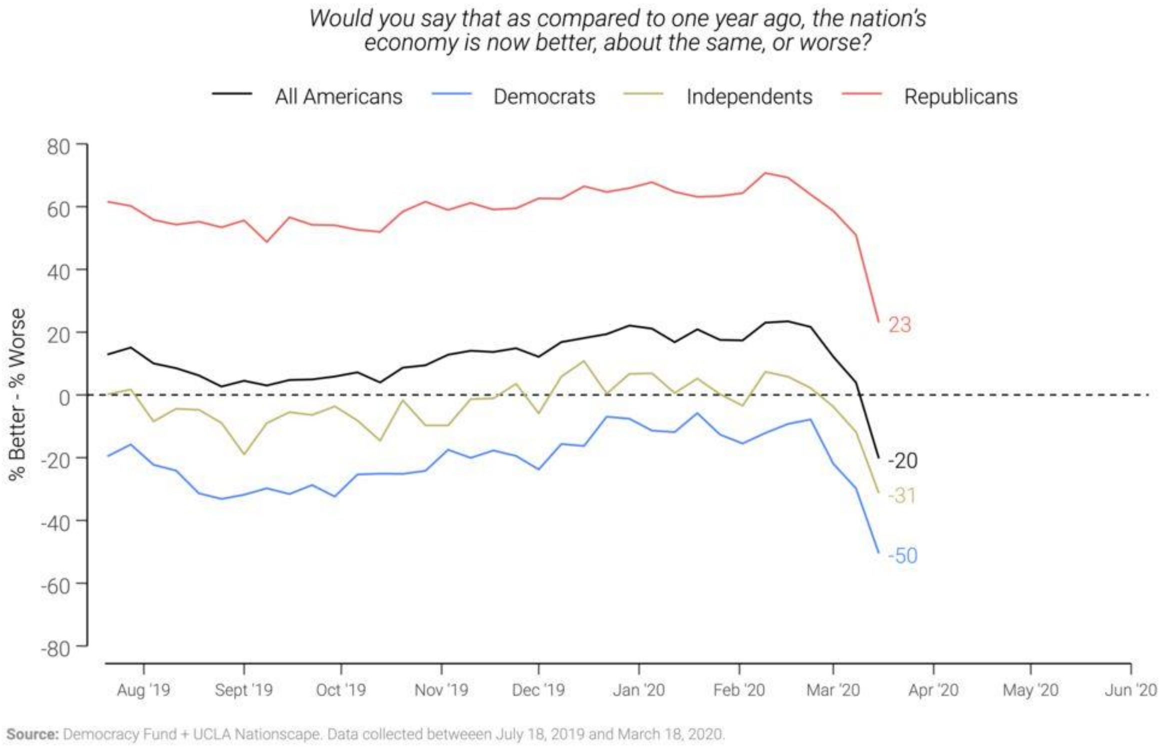
Goldman Rolls Back Its Pessimistic Outlook for American Stocks	Goldman Sachs Group Inc. has effectively bowed to pressure from the continuing rally in U.S. stocks and abandoned its call for another steep sell-off. Strategists led by David Kostin have rolled back their prediction that the S&P 500 would slump to the 2,400 level -- over 20% below Friday's 3,044 close -- and now see downside risks capped at 2,750. The U.S. equity benchmark could even rally further to 3,200, they wrote in a May 29 note. The powerful rebound means our previous three-month target of 2,400 is unlikely to be realized," the strategists wrote. "Monetary and fiscal policy support limit likely downside to roughly 10%. Investor positioning has oscillated between neutral and low and is a possible 5% upside catalyst." The shift came just after JPMorgan Chase & Co.'s strategists shifted in the other direction -- reining in their bullish outlook. JPMorgan's Marko Kolanovic warned about rising U.S.-China tensions in a note May 28. Goldman's strategists maintained their year-end target of 3,000 for the benchmark U.S. stock gauge. Goldman continues to argue that short-term returns are skewed to the downside -- "or neutral at best" -- thanks to the risk of an economic, earnings, trade or political "hiccup" to the normalization trend. A broader participation in the rally would be needed for the S&P 500 to move meaningfully higher. The S&P 500 has climbed 36% from its March 23 low, helped by massive fiscal and monetary support, mega-cap outperformance and optimism about the economy restarting, according to Goldman. Last month it argued fear of missing out was a key driver of the rebound in stocks. Read More … Go to top
JPMorgan's Kolanovic Dials Back Bullish Stance on Equities	Investors should start trimming equity holdings following the recent rally as tensions heat up between the U.S. and China, according to JPMorgan Chase & Co.'s strategist Marko Kolanovic. "We are dialing down our positive outlook on equities and would like to see these political risks show signs of normalization," Kolanovic wrote in a note to clients. While he predicts that tensions over China's role in the coronavirus pandemic will eventually ease, he sees stock-market damage in the meantime. Kolanovic urged investors to buy the dip in early March amid the fastest bear-market decline on record. While that call came a bit before that month's trough, he kept his bullish stance since, saying last month that the S&P 500 can reclaim its all-time high in the first half of 2021. The gauge, now up 35% from its 2020 bottom, is poised for a third weekly gain in four and just broke out of a monthlong trading range, closing at the highest since early March on Wednesday. But Thursday gave investors a taste of what could be coming amid an escalation in political tensions between the U.S. and China. American stocks erased gains and ended lower after President Donald Trump said he'd hold a press conference on China Friday, spurring concern that Sino-American tensions could disrupt the economic rebound narrative that's been propelling markets. To Kolanovic, the latest spat between Washington and Beijing is a sign of politicization of the Covid-19 epidemic, a move that not only delays economic reopenings but also threatens to cripple the recovery of global trade. "Reopening only half of the economy will not be sufficient to support our current forecast for all-time highs in 2021," the strategist wrote. "On the other side, a complete breakdown of supply chains and international trade, primarily between the two largest economies (U.S. and China), would justify equities trading drastically lower." Read More … Go to top
MSCI Singapore Deletions Shave	Four Singaporean blue-chip stocks lost a combined market capitalization of S$863 million ($613 million) on Friday amid record volumes after MSCI Inc.

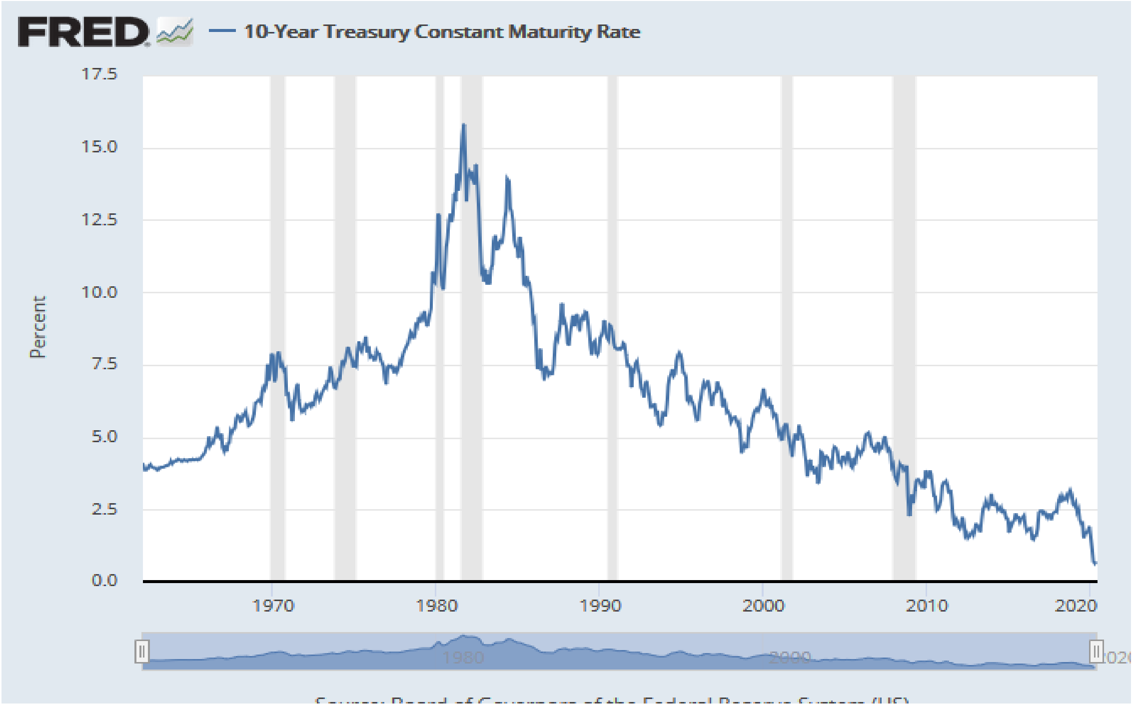
$613 Million Off Market Value	deleted them from its benchmark for the city-state's largest stocks. Two of the four shares excluded from the MSCI Singapore Index -- Singapore Press Holdings Ltd. and Sembcorp Industries Ltd. -- became over-sold on a technical indicator Friday, while ComfortDelGro Corp. and SATS Ltd. traded close to that territory, according to data compiled by Bloomberg. Stock price declines in the companies excluded by MSCI were exacerbated as those firms face a "direct hit from the pandemic," Justin Tang, head of Asian research at United First Partners, an investment and advisory group that specializes in special situations. MSCI announced the additions and deletions from its global standard indexes under its semi-annual index review on May 12. All changes would take place as of the close of May 29, it said in a statement. Shares in Singapore Press slumped to their lowest closing level since 1992 on Friday, while those in Sembcorp Industries fell to their lowest since 2004 and ComfortDelGro ended at a five-week low. Mapletree Logistics Trust, the sole addition to the MSCI's benchmark, rose 0.5% on Monday after closing at a record high in the previous trading session. Singapore Press rose 1.6% Monday morning, while ComfortDelGro was up by a similar magnitude as it traded without the right to a dividend. SATS shares were little changed, while Sembcorp Industries rose 3.7%. DBS Bank Ltd. upgraded Sembcorp Industries and ComfortDelGroto buy from hold on Monday. Read More … Go to top
Bank of Thailand Says It's Ready to Curb Recent Baht Strength	The Bank of Thailand said it's concerned about a recent rapid appreciation in the currency and added it's ready to take steps to curb a climb that could imperil an already fragile economy. The baht's near 2% rise against the dollar in the past month is among the steepest in Asia, aided by dwindling Thai coronavirus cases, an easing national lockdown and a shallower-than-expected first quarter economic contraction. This backdrop may attract short-term capital flows to the baht, and its performance may be out of line with economic fundamentals, the central bank said in a statement on Monday. "The Thai central bank is ready to take necessary steps to ensure baht strength doesn't aggravate the fragility of the economy," Deputy Governor Mathee Supapongse said in the statement, adding it will also scrutinize gold trading as that may have contributed to the currency's performance. Thailand's economy relies on tourism and trade, both of which have been badly damaged by the novel coronavirus pandemic. Officials expect an economic contraction of as much as 6% this year and are sensitive to currency strength that could hamper competitiveness. The baht strengthened 0.2% against the dollar as of 8:50 a.m. in Bangkok, appreciating for a fifth straight day. Read More … Go to top
U.S. to Sell Hong Kong Consulate Housing Amid Rising Tensions	The U.S. government is selling its Hong Kong consulate staff quarters, estimated to be worth more than $400 million, amid rising tension over the city's future. The compound is located in Shouson Hill, on the southern side of Hong Kong Island, where some of the city's richest tycoons, including Li Ka-Shing, own houses. Comprising several apartment buildings spread over almost 95,000 square feet (8,825 square meters) of land, the property is worth between HK$3.1 billion ($400 million) and HK$3.5 billion, according to Vincorn Consulting and Appraisal Ltd. The moves comes as protests rock Hong Kong and tensions rise between the U.S. and China over new Beijing-backed national security legislation in the city, that critics say will restrict freedoms in the former British colony. President Donald Trump said Friday the U.S. would begin the process of stripping some of Hong Kong's privileged trade status without detailing how quickly any

	changes would take effect. Read More … Go to top
U.K.'s Largest Private Pension Fund to Exit Coal, Tobacco Firms	The U.K.'s largest private pension manager plans to stop investing in companies involved with tobacco, thermal coal and controversial weapons. The Universities Superannuation Scheme, which oversees more than 68 billion pounds ($84 billion) of assets, will begin selling its holdings in these industries within two years and will exclude any further investment, according to a statement on Monday from USS's main investment manager and adviser. In addition to tobacco production and thermal coal mining, the move covers companies that make cluster munitions, white phosphorus and land mines. Pension funds and other large institutional money managers have faced growing pressure from shareholders, clients, employees and activists to use their resources to fight climate change and advance a raft of other issues such as workplace diversity. This is the first time USS has officially announced its position on exclusions, and follows a review of the long-term financial factors associated with investing in certain sectors. USS Investment Management Ltd. concluded that the "traditional financial models used by the market as a whole to predict the future performance in these sectors had not taken specific risks into account," according to the statement. Changing political and regulatory attitudes to certain activities will damage the prospects of businesses involved in industries like tobacco and coal mining in the future, USS said. Read More … Go to top
Americans Have Stopped Thinking the Economy Is Getting Worse	President Donald Trump has seen his poll numbers slide during the coronavirus pandemic, with nearly every recent survey showing him losing to presumptive Democratic nominee Joe Biden. But even amid staggering job losses and mounting financial hardship for millions of Americans, those same polls consistently show that voters believe Trump will do a better job of handling the economy. How can that be, given record unemployment and reams of dismal economic data? New survey data that Democracy Fund/UCLA Nationscape shared with *Bloomberg Businessweek* offers a rather surprising clue to how it is that Trump has maintained such resilience. Americans' opinions about the state of the economy, which collapsed with the onset of the pandemic in March, stopped falling about a month ago and have now stabilized—a pattern that is evident across all political persuasions. This development was no sure thing. If we back up to late March, the Nationscape survey—which asks more than 6,000 people each week whether the economy is better, worse, or about the same as a year ago—found a steep drop among Democrats, independents, and Republicans who said it was getting better: Read More … Go to top



Apple's Tim Cook: Now is not the time for 'standing on the sidelines'	That's Apple AAPL, -0.09% Chief Executive Tim Cook, in an internal note obtained by Bloomberg News, addressing employees about inequality and discrimination as protests over the killing of George Floyd continue to erupt across the United States. "We have to reexamine our own views and actions in light of a pain that is deeply felt but too often ignored," he continued. "Issues of human dignity will not abide standing on the sidelines." Cook, long an advocate for human rights, said that the tech giant will be donating to the Equal Justice Initiative, a non-profit focusing on racial injustice, as well as other groups. Apple will also offer a two-for-one match for employee donations through June. "There is a pain deeply etched in the soul of our nation and in the hearts of millions," he wrote. "To stand together, we must stand up for one another, and recognize the fear, hurt, and outrage rightly provoked by the senseless killing of George Floyd and a much longer history of racism." **Read More …** **Go to top**
The stock market isn't reflecting reality... yet, warns Citigroup	That's Manolo Falco, Citigroup's C, -2.54% co-head of investment banking, explaining to the Financial Times why he believes the firm's corporate clients should raise as much cash as possible before the reality of the pandemic sinks in for investors. "As the second quarter comes along and we start seeing the pain, and the collateral effects of that," Falco continued, "we think this is going to be much tougher than it looks." To his point, last month wasn't so tough, in terms of market performance. The Dow Jones Industrial Average DJIA, -0.06% , S&P 500 SPX, +0.48% , and tech-

	heavy Nasdaq Composite COMP, +1.29% all closed the books on a strong May on Friday, buoyed by mounting optimism over the easing of lockdowns in the U.S. along with a supportive Federal Reserve. This while global economies continue to grapple with historic recessions. “Markets are pricing a V [shaped recovery], everyone’s coming back to work, and this is going to be fine,” Falco told the FT. “I don’t think it’s going to be that easy quite frankly.” Read More … Go to top
We’re in a new paradigm for stocks, this analyst argues. Get ready for permanently higher valuations.	A new model for assessing stocks may include higher valuations, as the old paradigm is no longer valid, according to a research note from DataTrek Research on Tuesday. From about 1950 to 2000, according to Nicholas Colas, Co-founder of DataTrek Research, there was a fairly stable paradigm in place for stocks, no matter what media, financial analysts, and others who make their money scrutinizing every tick of the markets may have said. What did the post-war stock market SPX, +0.48% look like, in hindsight? U.S. equity valuations averaged roughly 15 times earnings per share, stock market nadirs happened around 5 to 8 times earnings, and tops were at about 25 times. Things started to change in 2000, Colas argues. In the aftermath of the 2008 financial crisis, stocks bottomed at 10 x earnings, higher than in past downturns despite the conditions being far more severe. We don’t know what the bottom is for the current crisis, of course — whether that was the March 23 lows in the S&P 500 index, or if there’s worse yet ahead. But we do know there are some big structural changes in place in the economy and markets since 2000. The first, and possibly most important, Colas notes, is interest rates and the lack of inflation. “The average yield on the 10-year Treasury TMUBMUSD10Y, 0.654% from 1960 – 2007 was 7.0%, but since 2008 the mean has been 2.6%,” he said. “Today, it stands at 0.75%.” Also notable: fiscal and monetary policymakers are much quicker to respond to crises now than in the 20th century. In part, that’s simply a low bar that’s easy to beat: there wasn’t a Federal Reserve infrastructure or any history of responding to national crises either by the Fed or the fiscal authorities in Washington through the first half of the century. But it’s also, for better or worse, because markets have come to expect activist monetary policy to keep markets and the economy stable. In the aftermath of the coronavirus response, that now extends to fiscal policy, Colas argues. “The infamous Fed put has morphed into the DC put.” Finally, the makeup of the stock market indexes and the economy is now skewed more heavily to technology, which should offer loftier valuations and returns than older, generally more industrial, industries did. As Colas puts it, “we think the combination of mobile phones, high speed internet and Moore’s Law changes the calculus, both in terms of corporate return on capital and the sustainability of cash flows.” Read More … Go to top



No-Deal Brexit Could Lead to Negative BOE Rates, Citigroup Says	Negative interest rates may eventually become unavoidable in the U.K., especially if there is a no-deal Brexit at the end of the year, according to Christian Schulz, director of European research at Citigroup. The Bank of England would likely cut rates to -0.1% in the middle of 2021 if the U.K. leaves the European Union without a new trade deal in place, he said. While more bond-buying and fiscal stimulus would be the first lines of defense in that case, the economy would likely still need more of a boost. Monetary policy could have an important role to play during a big supply-chain disruption because fiscal policy might be less effective. The risk of "a hard exit from the EU's single market and customs union at the end of the year is too soon and too likely to ignore," Schulz said in a note. "Negative rates could prove particularly effective in reducing bankruptcies, protecting rather than undermining monetary financial institutions." The comments add to a growing debate over whether the BOE should, for the first time, take borrowing costs negative. U.K. officials have until Dec. 31 to strike a free trade agreement with the EU, and talks have been deadlocked ahead of a key summit this month. The central bank said U.K. output could plunge 14% this year in a scenario published last month, and policy makers are considering all options to revitalize growth. A hard Brexit could damp the recovery that officials are expecting. A separate note from RBC said the BOE is likely to cut rates below zero in the second half of this year, most likely in November, after expanding its bond-buying program by a 200 billion pounds ($250 billion) in June. U.K. officials can draw on six years of experience with negative rates from the European Central Bank, and their review of negative rates isn't likely to make a strong case against them. Governor Andrew Bailey has struck a conciliatory tone on whether negative rates might be needed. Last week, Michael Saunders, a fellow policy maker on the nine-member Monetary Policy Committee, said he wouldn't rule the policy in or out. Still, there will likely be resistance to negative rates within the MPC, Schulz

	said. They would therefore probably take some preparatory steps before taking the benchmark rate even lower. For instance, they could take only the rate on the Term Funding Scheme, a loan program for banks, below zero. There's a chance the MPC announces such a move at its next announcement on June 18, Citi's Schulz said. The BOE could also make preparations for tiering and re-assess the lower bound. One danger is that negative rates backfire. With bank lending so important to keeping businesses and households going during the current crisis, there's a risk that they tighten financial conditions by reducing bank profit margins. While building societies have been pointed out as a problem area for negative borrowing costs in the past, that risk seems to have fallen in recent years, Schulz said. Some smaller banks with a large exposure to mortgage lending could still be affected but the immediate risks might be more manageable, he said. And the lowering of real neutral rates might make negative borrowing costs hard to avoid. The interest rates that keep supply and demand, savings and investment in balance have been trending down over the last three decades. Those trends have also been exacerbated in the U.K. due to sluggish productivity growth, depressed investment, and Brexit uncertainty. A lower neutral rate "could now make negative interest rates inevitable if monetary policy is to avoid dragging on demand," Schulz said. **Read More …** **Go to top**
China finds manufacturing opportunities in low-wage Africa	China's manufacturing footprint is growing across Africa, as companies set up factories to tap into the continent's cheap labour and abundance of raw materials. Chinese investors are funding the construction of industrial estates and free trade zones for the production of goods that otherwise would be imported from China. They include shoes, clothes, fibreglass, construction materials, electronics, steel products and foodstuffs, which also find their way from Africa into European and American shops. Industrial estates – which have been extremely successful in mainland China – are springing up from Uganda to Ethiopia, Egypt to South Africa, Algeria to Zambia. Charles Robertson, chief economist with Moscow-based investment bank Renaissance Capital, said the minimum wage in China was now "up to three times higher than many African countries, which is encouraging manufacturers to move to Africa". Across the continent, there are more than 10,000 Chinese-owned companies, with one-third involved in manufacturing, according to a 2017 McKinsey report which excluded small companies, mostly not tracked by Chinese authorities. "In manufacturing, we estimate that 12 per cent of Africa's industrial production – valued at some US$500 billion a year in total – is already handled by Chinese firms," the report said. In landlocked Uganda, President Yoweri Museveni last week commissioned two production lines at Lida Packaging Products, a Chinese-owned firm making face masks and personal protective equipment, to plug shortages as the country battles to contain the spread of coronavirus The factory, in the central Ugandan town of Mbalala, can produce up to 560,000 masks per day and employs 315 Ugandans. It is one of several factories to have set up shop in the dozens of industrial estates that have sprung up in the country, many of them funded by Chinese investors. Museveni said Uganda had enough raw materials to feed industries for the production of commodities rather than continuing to rely heavily on imports. When Covid-19, the disease caused by the new coronavirus, arrived in Africa, many countries faced difficulties in accessing import markets. The problem was compounded by lockdowns in China – often regarded as the world's factory – in January and February which meant many factories were unable to produce

	anything. More Chinese manufacturing plants moving to Africa may help to solve the supply chain troubles experienced earlier in the year. Also in Uganda, a Chinese-owned mobile phone manufacturer recently made its first shipment of phones to Morocco. Simi Technologies, owned by the Chinese firm Engo Holdings Uganda, was set up late last year with a US$5 million investment to produce low-cost phones and laptops. Read More … Go to top
Clashes near the White House as America's turmoil deepens	Police fired tear gas outside the White House late Sunday as major US cities were put under curfew to suppress anti-racism protestors who again took to the streets to voice fury at police brutality. With the Trump administration branding instigators of six nights of civil unrest as domestic terrorists, there were more confrontations between protestors and police and fresh outbreaks of looting. Violent clashes erupted repeatedly in a small park next to the White House, with authorities using tear gas, pepper spray and flash bang grenades to disperse crowds who lit several large fires and damaged property. It looks like a war zone outside the White House," tweeted Democratic strategist and consultant Adam Parkhomenko above a short video showing fire and thick smoke behind graffiti-covered cement barriers. Protesters piled up road signs and plastic barriers and lit a raging fire in the middle of H Street. Some pulled an American flag from a nearby building and threw it into the blaze. Others added branches pulled from trees. A cinder block structure, on the north side of the park, that had bathrooms and a maintenance office, was engulfed in flames. Local US leaders appealed to citizens to give constructive outlet to their rage over the death of an unarmed black man, while night time curfews were also imposed in cities such, Los Angeles, Houston and Minneapolis, which has been the epicentre of unrest. Read More … Go to top
Brazil's Crisis Stokes Iron Ore's Glow	Brazil has just overtaken Russia to claim second spot in the global tally of coronavirus cases, behind only the U.S. The epidemic is threatening to disrupt supply in the world's second-largest exporter of iron ore as China's steel demand recovers, driving prices above $100 a metric ton for the first time since August. The scale of the unfolding health cataclysm suggests they won't reverse soon, even if the rally looks unsustainable. Last year was unusually dramatic for iron ore. A fatal dam collapse took out almost a quarter of Brazilian miner Vale SA's original 2019 target of 400 million tons. Weeks later, a tropical cyclone in Australia dented global output further. The supply impact then was immediate and clear, and prices responded accordingly. This year's surge has been almost as much about fear of disruption as about current supply, as an outbreak at Vale's Itabira complex showed last week. Vale said it obtained an injunction to continue work at the operation after prosecutors sought to temporarily shut down activities for coronavirus testing. Demand is helping to raise the temperature. Iron ore is highly dependent on China — which accounts for over two-thirds of global imports — and has benefited from the restart there more markedly than base metals. Chinese industrial output recovered strongly in April, port stockpiles have been coming down, steel inventories have declined and mill margins look healthy enough. Steel industry purchasing managers' index numbers for May confirm the trend. That helped push physical spot ore to $101.05 a ton Friday, while futures in Singapore are trading just shy of $100. China's appetite will ease, though, and possibly before the rest of the world picks up. As Commonwealth Bank of Australia analyst Vivek Dhar points out, China significantly increased the annual local government special bond quota this year, usually used to fund infrastructure — but only 40% is now available

for the remaining seven months of 2020. And while the National People's Congress last month talked up infrastructure plans, it was the measured approach most had expected, not a repeat of the binge spending of 2008. So there's reason for analysts, including Bloomberg Intelligence, to point to cooler prices in the year ahead.

In any case, demand hasn't been the real driver here, supply has. For now, the market has no answer to the key questions of when Vale can get back to pre-disaster production targets, and what the epidemic means for Brazil. On Sunday, President Jair Bolsonaro joined supporters protesting against Congress and the Supreme Court in Brasilia, stoking concerns of a constitutional crisis to compound the health disaster.

In the short term, it's hard to be optimistic. Bolsonaro has repeatedly dismissed the seriousness of the illness and appeared maskless over the weekend, despite local regulations. Brazil already has the fourth-highest death toll globally, with more than 29,000 fatalities — five times where it was a month ago. More worrying for the iron-ore market is how fast the illness is spreading outside big cities, a problem even if mining operations are considered essential, and exempt from lockdowns for now. That could change. Both the rate of infection per person and fatalities per inhabitant have been highest in the impoverished north, which is home to Vale's giant Carajas operation. The nearby 200,000-strong town of Parauapebas alone, where Vale has contributed testing, tracing and medical help, has more than 2,500 cases as of Sunday .

It is noticeable that both Australia's iron-ore majors, constrained by bottlenecks, and China have given signs of expecting more disruption in the future. China is preparing to allow state-owned companies to develop the giant Simandou deposit in Guinea. Down Under, miners are considering alternatives, too. BHP Group has indicated it is looking at options to increase export capacity at Port Hedland, in Western Australia.

These initiatives will take time to have an impact. Increased supply and lower prices are coming eventually — just not soon.

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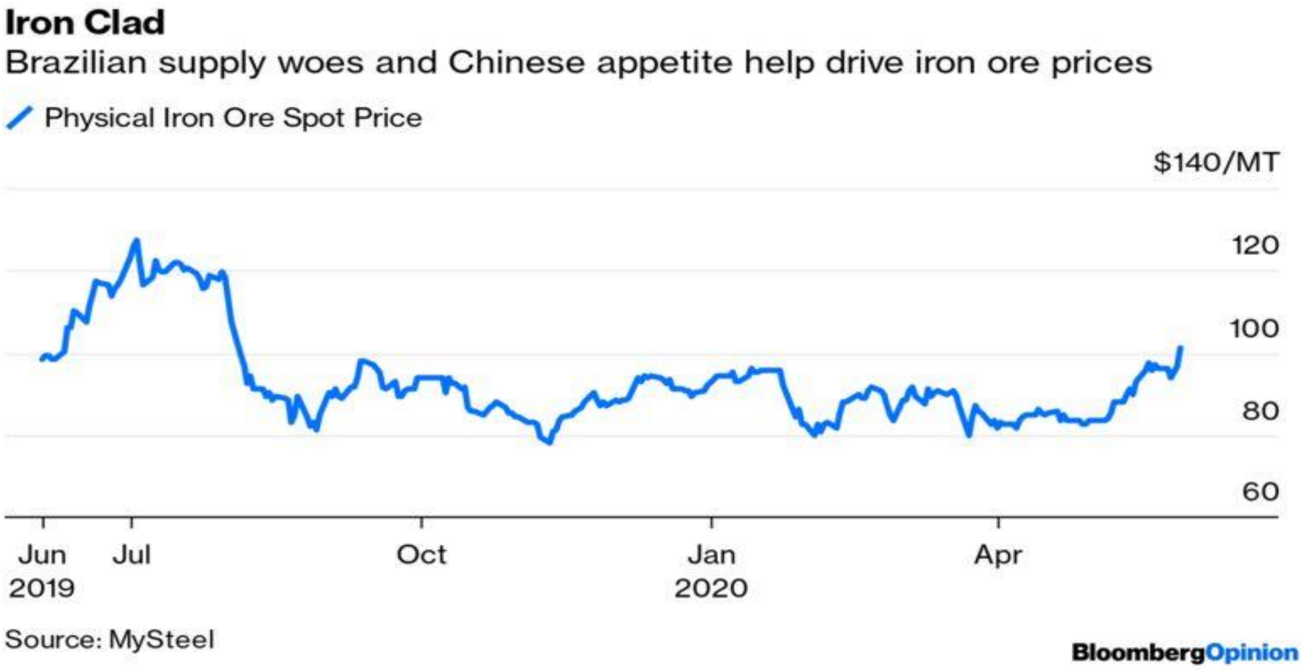
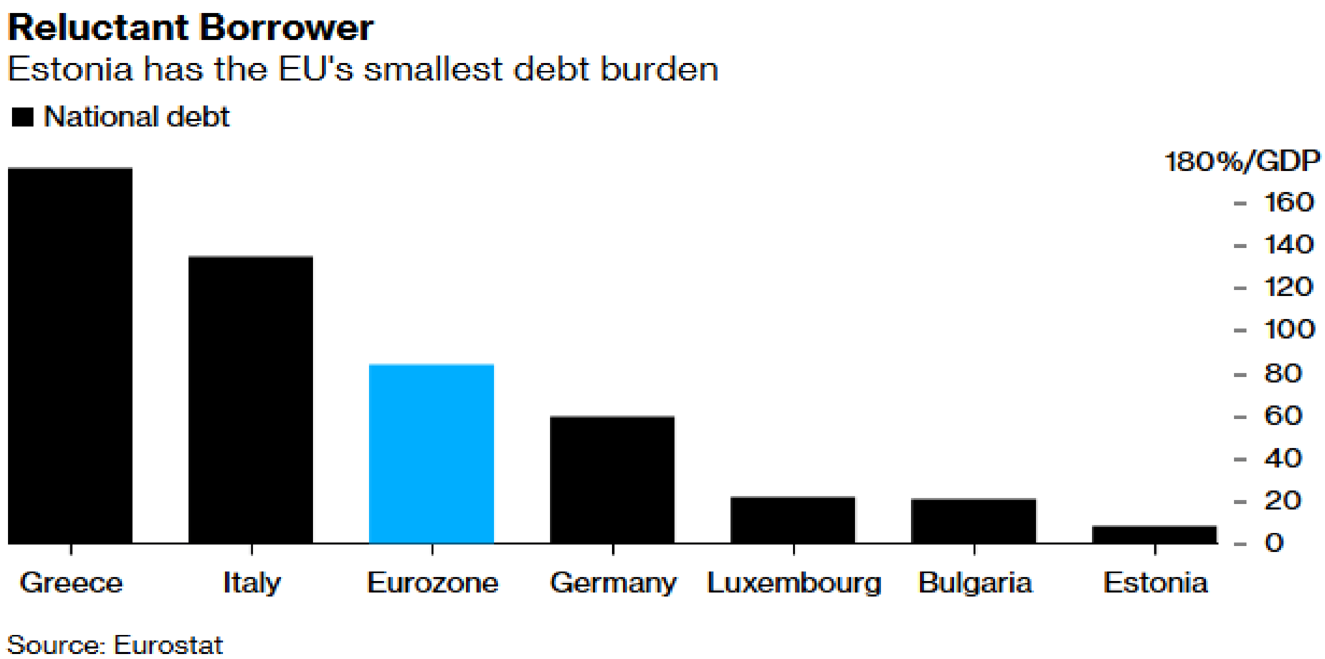


Haunted by Austerity, Least-Indebted EU State Goes Big on Virus	Memories of harsh austerity in the wake of the global financial crisis are motivating Estonia to end what's been the continent's greatest aversion to borrowing. The Baltic region became the poster child for the kind of public spending and wage cuts that later ravaged nations like Greece. Estonia remains the European Union's least-indebted member-state -- without a single government bond. The Covid-19 pandemic is changing that, with a 10-year debt sale of at least 1 billion euros ($1.1 billion) due in the coming weeks. Another of a similar size is planned for the fall and a third is possible next year, with maturities of up to 15 years under discussion, according to Finance Minister Martin Helme. Money will be channeled into investment to boost economic growth. "In the previous crisis, there were policy mistakes that deepened our recession," he said in an interview in Tallinn. "This total austerity that was imposed very strictly then made the situation worse and we have to take a different approach." As well as contributing to the steepest recession in Estonia's history, the post-2008 policies prompted an exodus of workers from the Baltic region to Europe's west, where salaries are higher. Austerity -- which reached 9% of gross domestic product in 2009 -- also stoked resentment at home that facilitated the rise of right-wing parties like Helme's EKRE. Helme said the pandemic made a bond sale "unavoidable" in the face of economic-rescue costs and lost tax revenue. But the change also reflects a view that this is the only way to close the wealth gap with richer neighbors more quickly. "If other countries have over decades accelerated their economic growth this way, among other things by bringing investments forward through borrowing, I think we shouldn't be ruling out this option due to some inflexible ideological denial," Helme said. **Read More ...** **Go to top**



China's Xi Jinping hints Beijing	State media on Sunday published a 13-month-old speech made by President Xi

may claim victory in doubling economy in 2020, despite pandemic	Jinping in which he said China has "basically achieved the goal of building up a comprehensive well-off society", suggesting Beijing may declare victory this year in achieving one of its most-prized development goals despite the economic impact of the coronavirus. The timely publication of the speech, made behind closed doors in April last year, signalled the government is giving itself flexibility to articulate its policy goals following the outbreak, which saw the world's second largest economy contract by 6.8 per cent in the first quarter. Doubling the size of gross domestic product(GDP) in the decade to 2020 is seen as a key component of the ruling Communist Party's push to build a "comprehensive well-off society", which is a milestone in the nation's rejuvenation. Reaching the goal requires minimum growth of 5.6 per cent this year, but after China recorded its first contraction in more than four decades in the first quarter that is increasingly looking like a long shot. China's government abandoned a GDP growth target for 2020 at the National People's Congress last month for the first time since 2002. Xi's speech, published by Qiushi magazine, a party mouthpiece, argued that "people's actual living condition and their sense of real gains" are just as vital to measure the well-off society as numbers were.. "[We] must guide the whole society to have a correct understanding, objectively reflect the existing weak links and defects, and prevent unrealistic high targets and blind comparisons," the speech said. Xi also said the goal of doubling GDP in 2020 does not mean every province or city had to double its economic output. The central government has pledged a stimulus packageof nearly 3.6 trillion yuan (US$506 billion), as well as 4 trillion yuan of cost cuts, to help revive the economy. While the sum total of new spending and tax cuts is large, it fell short of expectations. **Read More …** **Go to top**
Gold Speculators Dropped Bullish Bets To 48-Week Low	Gold COT Futures Large Trader Positions **Gold Non-Commercial Speculator Positions:** Large precious metals speculators cut back on their bullish net positions in the Gold futures markets this week, according to the latest Commitment of Traders (COT) data released by the Commodity Futures Trading Commission (CFTC) on Friday. The non-commercial futures contracts of Gold futures, traded by large speculators and hedge funds, totaled a net position of 237,914 contracts in the data reported through Tuesday, May 26th. This was a weekly decline of -13,874 net contracts from the previous week which had a total of 251,788 net contracts. The week's net position was the result of the gross bullish position (longs) declining by -7,246 contracts (to a weekly total of 288,148 contracts) while the gross bearish position (shorts) rose by 6,628 contracts for the week (to a total of 50,234 contracts). Gold speculators continued to decrease their bullish bets in the futures market to a 48-week low-point. Bullish bets have fallen in three out of the past four weeks and for the tenth time in the past fourteen weeks. The current level is now at the least bullish level since June 25th of 2019. Despite the weakening speculator sentiment, the gold price has continued to show strength and currently trades at the top of it range above the $1,750 per ounce level (Friday close). Gold Commercial Positions The commercial traders' position, hedgers or traders engaged in buying and selling for business purposes, totaled a net position of -274,322 contracts on the week. This was a weekly uptick of 15,852 contracts from the total net of -290,174 contracts reported the previous week.

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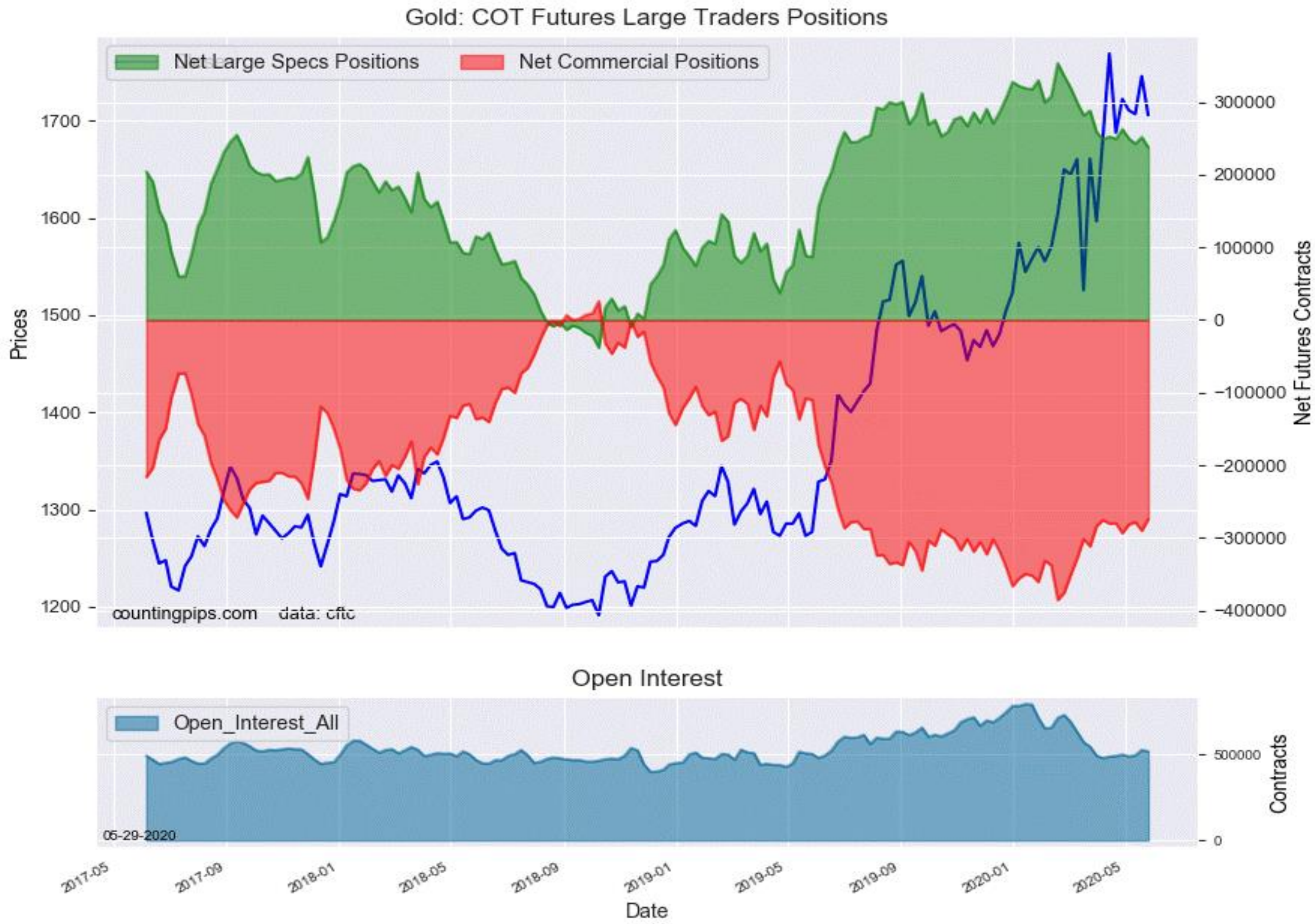

Covid, Debt And Precious Metals	Precious metals are loving the uncertainty the coronavirus has created. Despite limited successes some countries have had with reopening, the virus is nowhere near contained. As of this writing, close to 6 million worldwide are infected and 365,328 have died. The important columns in the table below from the heavily visited Worldometer's coronavirus page, are the yellow and red. Despite roughly 1,800 deaths per day and rising infection rates, at least 41 US states are easing restrictions or planning to do so. The fact is, reopening plans are failing to meet key benchmarks established by public health officials. This has prompted the Federal Emergency Management Agency (FEMA) to throw previous forecasts of the virus's toll out the window. Its new prediction has 3,000 Americans dying daily by June 1 - a 9/11 every day. Do the graphs below look to you like a flattening curve? **The return of covid** From the very beginnings of the crisis, health officials have warned of the potential for a resurgence. Historically, it is common for these types of viruses to re-infect populations. Often the second round is worse than the first. According to health experts, the fact that covid-19 is so deeply entrenched in the world population, means it is unlikely to be eradicated, like SARS was in 2003, and instead is likely to return regularly, like seasonal influenza. Indeed, after a few weeks of experimental lifting of social restrictions, we are seeing boomerang-like returns of coronavirus cases in a number of countries. The most surprising are China and South Korea, early victims in the crisis

	whose strong lockdown measures and testing protocols appeared to nip covid in the bud. This week, South Korea saw three straight days of rising infections, with 79 new cases reported Thursday, the most since April 5. Earlier this month, Korea's success at containing the virus was threatened by hundreds of party goers who descended upon a neighborhood popular with young South Koreans and foreigners. The country rescinded a go-ahead for bars and clubs to re-open after a spike in cases, prompting a warning from President Moon Jae-in to "brace for the pandemic's second wave" said the Philadelphia Inquirer. Earlier in the year, when coronavirus cases in China peaked, Beijing locked down millions of people in Hubei province, including the 11 million inhabitants in the virus epicenter city of Wuhan. On May 12, a month after the lockdown was lifted, Wuhan saw a cluster of new cases, followed by 34 cases and one death reported in the northeastern province of Jilan. Fresh covid-19 cases have also appeared in Germany, Iran and Lebanon. In France, a partial reopening on May 11 has backfired, with more than 3,000 new daily infections reported. One of the most concerning developments is the spread of the pathogen in Russia; on May 14, 232 new deaths were reported in 24 hours. The sprawling country now has the third most cases in the world, although surprisingly few deaths, at 4,374 versus Canada's 6,979. Many however question the accuracy of Russia's low death count, suspecting under-reporting by government officials. India has had one of the world's strictest lockdowns since March 24, but it has only slowed the spread of the virus, not flattened the curve in the country of 1.3 billion. Recently The Guardian reported the virus beginning to overwhelm the teeming metropolis of Mumbai. Nearly a quarter of India's covid-19 deaths are in the state of Maharashtra, and the city of 20 million has emerged as the center of the outbreak. According to health officials, the peak began on May 6 but shows no signs of flattening, with cases still doubling every week. **Read More …** **Go to top**
In Australia, stalled migration is bad news as faltering economy heads for first recession in 30 years	Australia's three decades of uninterrupted prosperity are coming to an abrupt endas the global coronavirus pandemic crashes one of its most lucrative sources of income: immigration. The country has been successful in managing the outbreak and reopening its A$2 trillion (US$1.33 trillion) economy, thanks in part to an early closure of its borders. But the policy has led to a halt in mass immigration– a key source of consumer demand, labour and growth – in an economy which is facing its first recession since the early 1990s Net immigration, including international students and those on skilled worker visas, is expected to fall 85 per cent in the financial year to June 2021, curbing demand for everything from cars and property to education and wedding rings. Gurmeet Tuli, who owns a jewellery store in the Sydney suburb of Parramatta, said his business is already hurting in a neighbourhood which is home to tens of thousands of migrants. "My main clientele is young people who come here to study, they find work here and settle down, fall in love and want to get married," Tuli said. "I have not sold a single diamond ring in the past two months," he added, noting business is down about 40 per cent so far this year. So critical is migration to Australia that analysts reckon the economy would have slipped into a recession last year without new arrivals to boost population growth.

	AMP Capital chief economist Shane Oliver estimates that population growth in recent years has boosted the economy by about one percentage point per year. But as migration stalls, education, housing and tourism sectors are seen among the worst hit. The drought in international student arrivals, which in recent years made up about 40 per cent of the migrant intake, is expected to hit the A$37 billion education sector, Australia's second largest services export after tourism. A fall in new arrivals could also dampen the construction boom in Australia's all important housing sector, which has been fuelled by migrants in big cities like Sydney and Melbourne. Even though immigration is a politically divisive topic in Australia, there is a broad recognition that the country needs its 200,000 to 300,000 annual intake to grow consumption demand and fill skills shortages in various sectors. While a large share of these migrants arrive on what are considered "temporary" visas, many later gain permanent residency and employment, adding to long-term population growth. Read More … Go to top
Money Supply Up; Gold Price Unch	Gold just wrapped up its fifth trading month of 2020 in settling yesterday (Friday) at 1743, which by the "incoming" premium-heavy August contract was a weekly loss of 11 points and by the "outgoing" June contract was a loss of 4 points. But: because one trades by price (aka, "the truth") rather than by change (aka, "the illusion"), rolling (to avoid being committed to delivery) and rounding off from June's close a week ago of 1735 benevolently lands Gold with an eight-point gain. How grand a losing week can one have? However, Gold's first touch of the present 1743 this year was at the intra-day high better than seven weeks ago on 07 April, price's net change from then thus being zero ("0", i.e. "unch"). And yet in that relatively short time span, the U.S. money supply as measured by "M2" has increased 8.8% from $16.8 trillion right up through the $17 trillions to $18.4 trillion today. Go figure. Indeed Gold's gain purely by premium was sufficient in allowing price to again briefly put its toe up into The Northern Front (1750-1800) for five hours during Friday before timidly pulling back as the S&P 500 raced to its highest close in nearly three months at 3044. Meanwhile, the year has unfolded through May without Gold winning a Northern Front foray. But shall what might be the beginning of a fourth attempt finally reverse the prior three failures? Not that you need be reminded, but here's the updated list in chronological order: Read More … Go to top
Saudi Arabia to inject over $13bn into banking system to boost liquidity	Saudi Arabia will pump 50 billion riyals ($13.3 billion) into the banking system to help manage the fallout from the coronavirus pandemic and the drop in oil prices. The move by the Saudi Arabian Monetary Authority, or SAMA, as the central bank is known, will support financial stability and boost credit facilities to the private sector, it said in a statement on Monday. The programme is aimed at helping banks amend and restructure loans without additional fees and support private sector employment. As a result of the virus outbreak, Saudi banks are "expected to encounter a reduction in activities in 2020, which will reflect negatively on profitability and possibly increase defaults," the central bank said in its Financial Stability Report published last week. Hit simultaneously by lower crude prices and coronavirus shutdowns, Saudi Arabia's non-oil economy is expected to contract for the first time in over 30 years. The central bank had previously unveiled a 50-billion-riyal program to help mostly small private businesses in the country. In March, the regulator urged banks to put in place a lending program for at least six months to "assist in maintaining employment levels," according to a document sent by the regulator to lenders and seen by Bloomberg.

Finance Minister Mohammed Al Jadaan said in a statement over the weekend that the government had also transferred 150 billion riyals from SAMA's foreign reserves to the Public Investment Fund, the kingdom's sovereign wealth fund, in March and April to help it finance a buying spree of assets in international markets that had dropped in value as a result of recent turmoil.
Saudi Arabia's fiscal deficit this year is set to widen to nearly 13% of gross domestic product, according to the International Monetary Fund. Gross official reserves are set to drop to around $456 billion this year, continuing the trend into 2021, when they're estimated at just over $409 billion, IMF projections show. At the end of April, the central bank's net foreign assets stood at $443 billion.

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Sharjah looking to raise $1bn from international debt markets

The emirate of Sharjah has hired banks to raise as much as $1 billion from international debt markets, joining wealthier Gulf states to shore up its finances against the fallout of the coronavirus pandemic.
The third-biggest sheikhdom in the United Arab Emirates mandated HSBC Holdings Plc, Mashreqbank PSC, Sharjah Islamic Bank and Dubai Islamic Bank PJSC among others for the deal, people with knowledge of the matter said.
A sale could happen as soon as this week and proceeds will be used for general budgetary needs, the people said, asking not to be identified because the information is private. A representative for the government of Sharjah declined to comment.
S&P Global Ratings lowered Sharjah's outlook to negative last month and affirmed its long-term rating at BBB, the second-lowest investment grade.
The coronavirus pandemic, coupled with a collapse in oil prices, is putting a strain on the finances of Middle Eastern energy producers, prompting Saudi Arabia, Qatar, members of the UAE and Bahrain to sell more than $30bn of bonds this year.
Abu Dhabi recently raised additional funds from international debt markets just weeks after a $7bn bond sale as it took advantage of a drop in borrowing costs.

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Saudi Arabia PIF's $40bn boost aimed at post-pandemic profit

The Public Investment Fund (PIF), Saudi Arabia's ambitious sovereign wealth fund, is seeking to use the extra $40 billion it was recently granted from government reserves to benefit the Kingdom and its citizens when the current coronavirus disease (COVID-19) pandemic is over.
A spokesperson for the PIF told Arab News that the injection from reserves held by the Saudi Arabian Monetary Authority — announced last week — "allow us to tap into a number of local and global investment opportunities at attractive prices. This includes investments in sectors that are well positioned to drive economic growth and value creation and derive benefits for the citizens of our country well beyond the current crisis."
Since the COVID-19 crisis began, the PIF has spent $7.7 billion amassing a portfolio of share stakes in some of the best-known corporate brand names in the world, including Boeing, Disney, Facebook and Marriott International. It also took big holdings in independent oil companies Shell, Total and BP, as well as banking giants like Citigroup and Bank of America.
The shares of these and other investments in the PIF spending spree had been affected by the dramatic downturn in the US stock market after the first pandemic related lockdowns. They have since recovered almost to all-time highs as US authorities took emergency measures to support its financial institutions.
Some investors are calculating that there will be a rapid economic recovery when the lockdowns end, to send stock markets soaring again.
"The PIF's role is to invest the nation's wealth in a way that generates long-term attractive returns and a diversified source of wealth for the Saudi people. The uncertainty caused by COVID-19, and the subsequent drop in global oil

	prices, highlights why our economic diversification efforts are so important. Capital injections from the government are an established source of funding for the PIF, as outlined in our strategy as part of our Vision Realization Program," the PIF spokesman said. Read More ... Go to top
Turkey's State Banks Pump Up Lending to Boost Economy	Turkey unveiled its most expansive credit incentive scheme in four years to help the economy recover from the coronavirus slump. The nation's three largest state-owned banks will begin offering mortgages, loans for used cars, credit for home appliances, holiday packages and other products at annual interest rates running below inflation, they said in a joint statement on Monday. The announcement underscores policy makers' determination to get credit -- already growing at a record pace -- flowing through Turkey's $750 billion economy, with the government relying on extending loans to businesses and households rather than cash injections that would worsen the fiscal outlook. It also supplements the banking regulator's latest requirements intended to force private banks to lend more aggressively, according to Onur Ilgen, an Istanbul-based treasury manager at MUFG Bank Turkey AS. "We expect the latest package announced by state lenders to support growth in tourism, automotive and construction from the third quarter," Ilgen said. In the absence of a second wave of coronavirus infections in Europe and Turkey "there is a chance that full-year economic growth turns positive" he said. TC Ziraat Bankasi AS, Turkiye Vakiflar Bankasi and Turkiye Halk Bankasi AS said in a joint statement that they would start offering 15-year mortgages with monthly interest rates as low as 0.64%, or under 8% annual. Inflation is running at around 11%. Similar rates and grace periods of as much as a year are on offer for loans to purchase cars and home appliances made in Turkey, they said. Last week, banking regulator BDDK tweaked its so-called asset ratio formula to force banks to lend more to businesses by closing loopholes that allowed them cut deposit rates instead. Annual credit expansion exceeded 70% during the 13 weeks through May 20, the fastest pace since at least 2007, according to latest official data. Commercial loans more than doubled and retail loans rose by about 45% during the same period. Turkey's economy grew 4.5% in the first quarter thanks to a surge in government spending and household consumption, before measures to slow the spread of the coronavirus kicked in mid-March. Turkey began easing virus measures last week as infection rates have stabilized at their lowest level since the outbreak began more than two months ago. Read More ... Go to top
South Korea Unveils $62 Billion 'New Deal' to Reshape Post-Virus Economy	The South Korean government unveiled a 76 trillion won ($62 billion) 'New Deal' spending plan to reshape the economy in the aftermath of the pandemic after slashing its growth forecast for the year. The plan, first outlined by President Moon Jae-in in April, aims to refocus the economy through 2025 by supporting job growth and new industries. It will partly be funded by a third extra budget now being drafted, according to a statement on the policy outlook for the second half. The extra spending will help an economy forecast to grow by just 0.1% this year, the slowest expansion since the 1998 Asian financial crisis. The latest projection was more optimistic than the contraction expected by the Bank of Korea and private economists, but the government acknowledged downside risks to its view should a second virus wave emerge. South Korea's trade-dependent economy is suffering as the pandemic hits overseas markets. New virus clusters have also sprung up at home, raising fear among the public and potentially hindering a domestic recovery. President Moon Jae-in's administration has so far announced 250 trillion won in

measures to prop up the economy, including direct support, loans and funds to stabilize financial markets.

While previous measures have been focused on helping the economy ride out the pandemic, the government's long-term spending plan envisions the creation of 550,000 jobs by 2022. The plan seeks to have 100,000 specialists in artificial intelligence and software programming.

Some 31 trillion won will be spent on the project by 2022, when Moon's term ends. Another 45 trillion won will be spent by 2025.

The focus is to promote the use of fifth generation wireless networks and artificial intelligence across industries and foster digitalization in South Korea's least developed areas. Investment will also support startups focusing on green technologies, while the country seeks to make its manufacturing sector more energy-efficient.

Part of the new-deal fund will be used to retrain workers and expand employment insurance for universal coverage.

To accelerate South Korea's economic recovery this year, the government said it will use funds from the upcoming extra budget to issue discount coupons to encourage spending. It will also lower the consumption tax on car purchases during the second half of the year. Tax incentives will be offered to companies that increase investment by more than their average in the past three years, the statement said.

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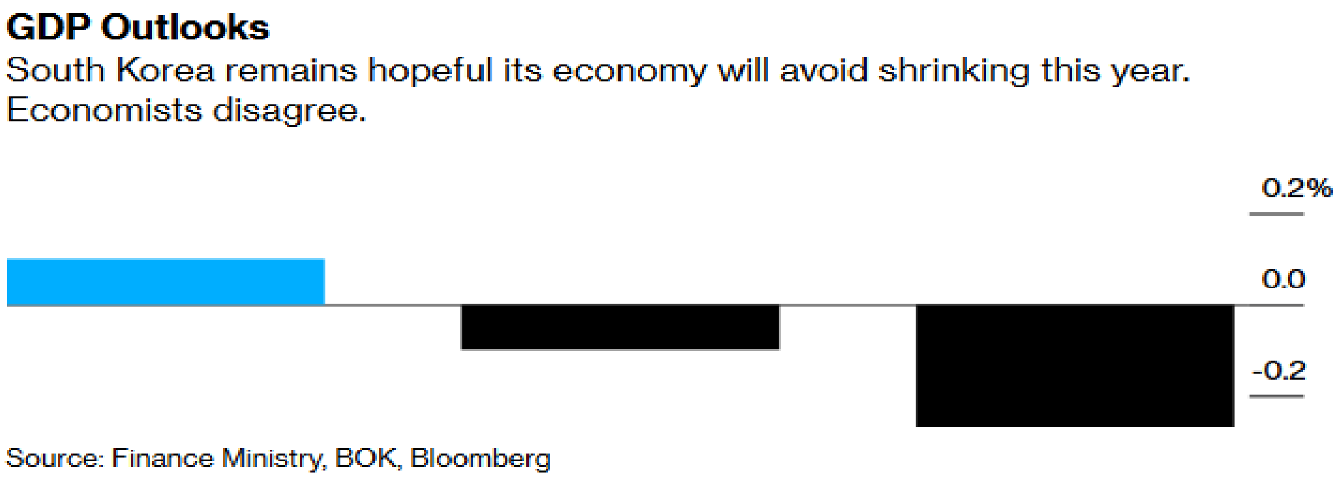

Malta seizes $1 bn in fake Libyan money 'printed by Russian firm

Maltese authorities have seized counterfeit Libyan money worth $1.1 billion that was printed by a Russian firm and worsen the north African country's economic problems, the US State Department said.

There was no official statement on Saturday from Valletta although Malta

	Today newspaper had published a report about $1.1 billion in counterfeit money seized in Malta on its Facebook site that was no longer available. "The US commends the Government of the Republic of Malta's announcement May 26 of its seizure of $1.1 billion of counterfeit Libyan currency printed by Joint Stock Company Goznak — a Russian state-owned company — and ordered by an illegitimate parallel entity," the State Department said. "The central bank of Libya headquartered in Tripoli is Libya's only legitimate central bank," the US diplomatic arm said in a statement. "The influx of counterfeit, Russian-printed Libyan currency in recent years has exacerbated Libya's economic challenges," it added. Washington vowed to continue working with the UN and international partners "to deter illicit activities that undermine Libya's sovereignty and stability," it added. Such actions "are inconsistent with internationally recognized sanctions regimes," the statement said. "This incident once again highlights the need for Russia to cease its malign and destabilizing actions in Libya." UN experts issued a report last December to the UN Security Council saying Goznak JSC had delivered between 2016 and 2018 to the parallel central bank in the east of the country the equivalent of some $7.11 billion in Libyan money. **Read More …** **Go to top**
In Sudan, traced Bashir regime assets 'tip of iceberg'	Sudanese authorities have begun to recover billions of dollars of real estate illegally amassed by deposed ruler Omar Bashir's regime, but other assets will be difficult to seize, experts say. "Initial estimates indicate that the real estate and properties owned by the former regime ... range (in value) from $3.5 to $4 billion," said Salah Manaa, a spokesman for a committee tasked with fighting corruption and dismantling the old regime. "This is only the tip of the iceberg," in terms of the total assets illicitly accumulated and hidden under Bashir's rule, Manaa told AFP. Bashir ruled Sudan with an iron fist for 30 years, but was overthrown in April last year by the military during mass protests against him. He has already been sentenced to two years detention in one corruption case — involving illegal possession of foreign currency — and is being held in Khartoum's Kober Prison, on a range of other charges. The new anti-graft committee began work in December and is answerable to a power-sharing government of civilians and generals that was established in August. Less than six months into its mandate, that committee is perusing a monumental paper trail on the former regime's assets. "The committee received large volumes of documents that filled three trucks," said a source close to the committee, who requested anonymity. "Each will be rigorously scrutinized. Read More … Go to top
Traders Turn Optimistic on Euro With Stimulus Relief Mounting	Barely a fortnight ago, currency traders were fretting over the future of the euro. They're now cautiously optimistic. The common currency just had this year's best monthly advance after the European Union finally managed to assemble a stimulus plan to steer the region's recovery from the pandemic. Option-market sentiment is improving and strategists are beginning to relay a glimmer of optimism on the euro's prospects. The median euro-dollar forecast for third quarter edged up in May, the first positive change this year, according to a Bloomberg survey. HSBC Holdings Plc lifted its year-end call to $1.10 last week, from $1.05 previously, with strategists saying in a note that the "existential tail risk of a euro-zone breakup" has now fallen. "We have turned cautiously bullish over the last week or so," said Lee Hardman, a currency strategist at MUFG in London. "Building evidence that the

euro-zone economy is through the worst of the Covid-19 crisis and EU Recovery Fund proposals have helped to ease downside risks for the euro, and created a firmer foundation for the rebound to extend from still-undervalued levels."

In addition to the recovery fund, Germany is preparing a second phase of stimulus of between 50 billion euros ($56 billion) and 100 billion euros, which would help boost sentiment in the euro. And also, measures of manufacturing activity in the euro-area suggest the European nations may be on the road to recovery.

The euro rose 0.3% to $1.1140 Monday, advancing for the fifth straight day in the longest winning streak since March. Its 1.3% advance in May was the biggest monthly gain since December. The end-September forecast in the Bloomberg survey climbed to $1.10 from a low of $1.09 in May.

Option Signal

The option market is mirroring the brightening mood. One-month euro-dollar risk reversals, a gauge of positioning and sentiment, convincingly broke above zero last week for the first time in months, signaling a bullish turn in sentiment toward the common currency.

To be sure, there are still uncertainties weighing on the euro. The European Central Bank's policy decision on Thursday is one, but more importantly, focus is on the June 19 meeting of European leaders to weigh the stimulus proposal, which still needs the go-ahead from the likes of Austria and the Netherlands.

Nevertheless. the view that the worst is behind the euro has gained some ground.

In the "short-term, the euro could test the top of the $1.08-$1.12 trading rage it has been in since last summer," MUFG's Lee said. "If it can break above, things would get more exciting, otherwise it remains a hard grind higher for now."

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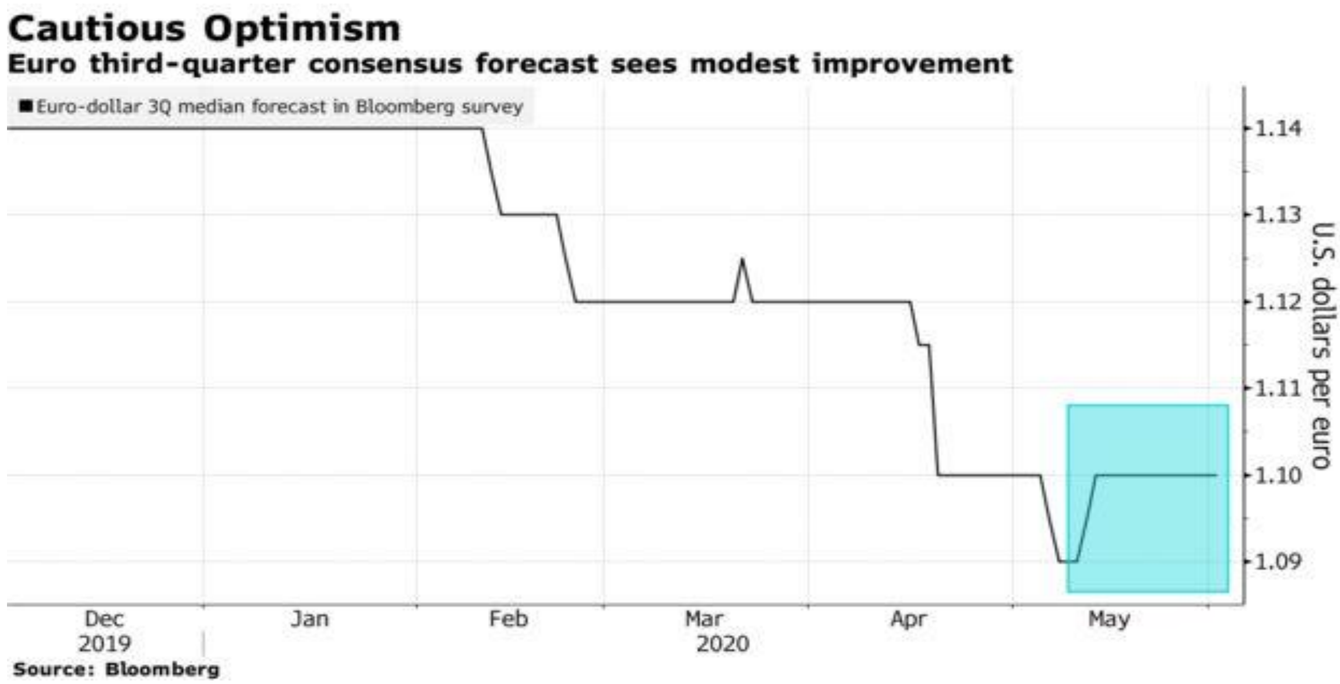

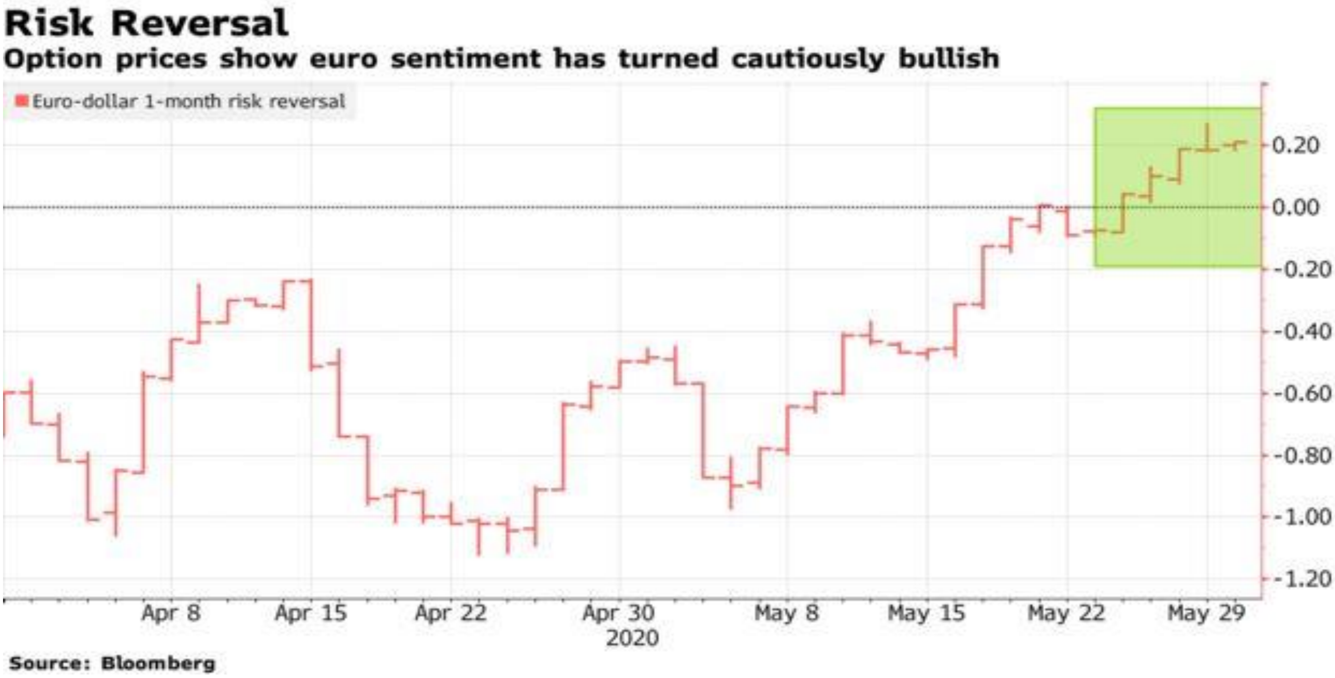

Russia's Stimulus Seen Falling Short Despite $123b Program	Facing the worst recession in more than a decade, Vladimir Putin plans to roll out a spending plan to rival stimulus packages in other major economies. The Russian president's government says the plan envisions support equivalent to a 10th of annual economic output. But analysts from Bloomberg Economics and some of Wall Street's biggest banks say the level is actually much smaller. "Many countries are supporting demand to make the recovery easier, but Russia isn't doing that," said Oleg Vyugin, a former senior official at the central bank and Finance Ministry. "Russia has capacity to help more but the government doesn't want to take risks since oil prices are unpredictable." The Economy Ministry's figure reflects the huge swing in Russia's budget from a surplus last year to a deep deficit this year, a move that's driven mainly by the plunge in prices for oil, the country's main export. Strip that out, and estimates of the actual stimulus range from as little as 1.3% to no more than 6.8% if loan guarantees and other indirect spending are included. The Economy Ministry defended the 10% of GDP calculation as an accurate reflection of the scale of government assistance in a response to questions on Monday. Modest Support Russia's stimulus still trails behind other emerging markets After initial stimulus plans were criticized as modest compared to other countries, officials ordered up a more ambitious-sounding program, according to three people close to the government, who asked not to be named because discussions are private. The result is the National Economic Recovery Plan, which will be presented to Putin on Tuesday. The draft envisions total spending of 8.7 trillion rubles ($123 billion) over the next two years, with 2.5 trillion allocated toward stimulus in 2020. It adds measures including loans and tax cuts. Spending on health care increases 50% on Russia's original 2020 budget and about 100 billion rubles is allocated to adult education this year. "Fiscal stimulus remains relatively muted," Vladimir Osakovskiy, an economist at Bank of America Corp. in Moscow, said in a report. "Given that some of the new spending initiatives could be pushed forward to 2021, the announced net fiscal stimulus could be limited to around 1%-1.5% of GDP." Analysts at Citigroup Inc. estimate that the stimulus measures total about 6.8%

of GDP, while Renaissance Capital in Moscow puts the number closer to 6%. The Institute of International Finance says direct fiscal stimulus is only about 1.3% and Bloomberg Economics says crisis spending is 3.5%.

Caught between an economic slump from the virus lockdown and a drop in budget revenues after the plunge in global oil prices, the Kremlin has been reluctant to open up the coffers too quickly. Though oil has recovered from record lows last month, prices of Russia’s Urals blend of crude are still well below the $42 a barrel needed to balance the state budget.

What Our Economists Say:

“With the budget under pressure, Russia’s fiscal response has been overly cautious. Authorities are catching up, offering more direct payments to offset lost income for households and businesses, but the delays are likely to leave scars on the economy.”

--Scott Johnson, Bloomberg Economics

The economy may shrink 13% in the second quarter, the worst contraction in recent history, and growth may drop as much as 5.8% this year, according to estimates from Bloomberg Economics. Elina Ribakova, deputy chief economist at the Institute of International Finance, estimates that the planned stimulus will only give a net boost to growth of about 2 percentage points this year.

The virus scuppered Putin’s plans to finally boost living standards in Russia after years of austerity as he laid out a strategy to extend his rule. Instead he’s having to boost spending just to soften the blow from a plunge in incomes and jump in unemployment.

“The support to citizens during the quarantine and after is very important during this crisis,” said Konstantin Sonin, a professor at Moscow’s Higher School of Economics. “In the worst case scenario, the economy will fall into a depression similar to the end of the 1990s. They need to spend more.”

Europe’s most virus-stricken countries are preparing to further ease lockdown measures that helped trigger the biggest economic downturn since World War II, even as scientists warned against moving too quickly.

As death tolls stabilize in some countries such as Italy, new Covid-19 cases continue to rise steadily elsewhere, particularly in the U.K. Still, governments are under pressure to let shops, factories and services reopen as the European Commission predicts the virus will wipe out 7.7% of the economy this year.

Prime Minister Boris Johnson laid out the timetable last week as his government struggles to overcome criticism of his top adviser, Dominic Cummings, for flouting lockdown rules. It’s also trying to provide hope for businesses and millions of laid-off and furloughed workers.

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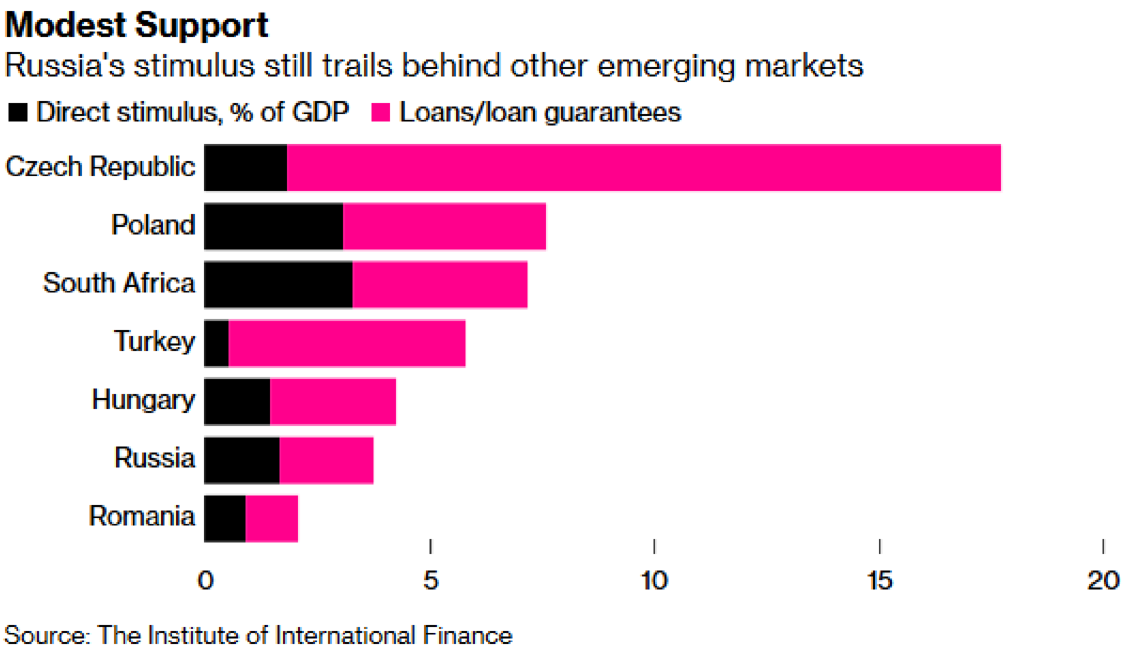
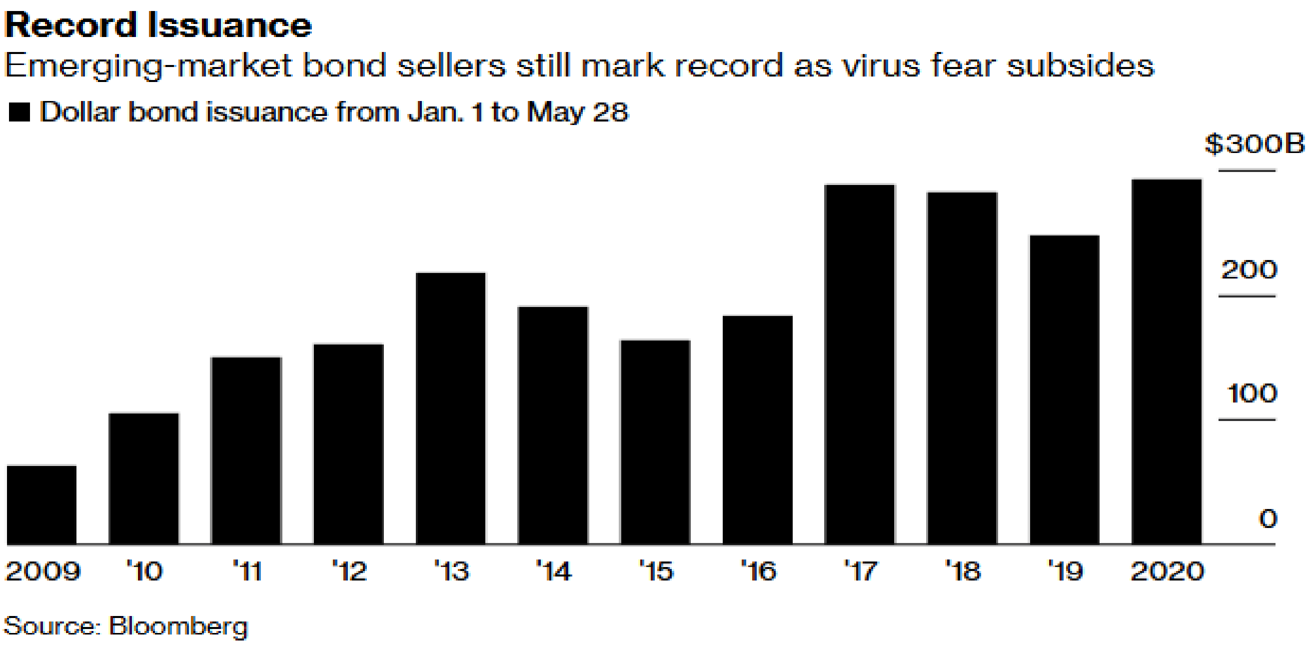


Credit Suisse takes control of China securities joint venture	Credit Suisse has taken control of its China securities joint venture, Credit Suisse Founder Securities (CSFS), becoming the latest foreign bank to take advantage as the country opens up its financial services sector. The Swiss bank said on Monday that it had upped its shareholding in CSFS to 51 per cent from 33.3 per cent after the China Securities Regulatory Commission (CSRC) granted the bank the approval to become the majority shareholder in April. Credit Suisse promised to continue to invest in China and named Janice Hu as chairwoman of CSFS to help drive the bank's China onshore strategy and CSFS's future business plans. Hu is currently vice-chairwoman for China at Credit Suisse and a board member of CSFS. She has been with Credit Suisse for almost two decades. **Read More ...** **Go to top**
Bank of Singapore's private banking assets rise despite political turmoil, Hong Kong CEO says	The change in approach seems to be working at the private banking arm of Singapore's Oversea-Chinese Banking Corporation (OCBC). The Bank of Singapore's China operations saw a 10 per cent increase in assets under management in the first quarter and is expected to post double digit gains in the second quarter, Tan said. The increase in assets under management from China came even as the Hang Seng Index finished May with its fourth monthly loss of the year, dropping 6.8 per cent for the month. The benchmark of Hong Kong stocks has fallen 19 per cent this year. Assets under management for Bank of Singapore's overall business, which includes hubs in Luxembourg, Dubai and Singapore, declined 4 per cent to US$104 billion at the end of March. OCBC said the unit had positive net new money in the quarter, but that was offset by negative market actions. The growth also has come against the backdrop of rising tensions between the United States and China over the adoption of a controversial national security law for Hong Kong. Last week, the US declared Hong Kong no longer maintains a "high degree of autonomy" from China, threatening its special trading status. Despite volatile markets in recent months as the pandemic has weighed on the global economy, clients have been "seeing a lot of opportunities" in today's environment, Tan said.

	Bank of Singapore's old model of interacting with clients every few weeks have evolved into daily phone calls with key clients and a series of educational videos to teach clients about wealth planning and family offices, Tan said. "In the past, the client would say come by when you have time. We have lunch or we have dinner, and we talk about this," Tan said. "Today, they want to know how can they learn more." Clients have doubled their use of the bank's digital products since the pandemic began, he said. The recent changes followed a push under Tan to make the workplace more mobile and encourage more remote working – which turned out to be prescient ahead of the pandemic. As many as 60 per cent of the bank's staff in Hong Kong have worked from home since the pandemic began, he said. Read More … Go to top
Asia Leads Return of Emerging Markets to Sell Dollar Debt	The riskier parts of the developing world are again flirting with international debt markets -- and Asian companies are leading the charge. Asia's riskier borrowers are once again selling offshore debt, paving the way for other emerging-market bond sellers amid optimism reopening economies will stoke global growth. While demand for higher quality bonds, including Chinese dollar debt, hit fresh highs last month, junk borrowers are also finding ways to sell. It's a sign of differentiation among borrowers from the developing world as local Asian investors offer support to leveraged firms in the region, according to BNP Paribas Asset Management, which is bullish on some Asian markets and offshore China credit. "In April, we saw Asia's high-yield market returning, whereas we haven't yet seen that in the Latam, Middle East or Africa complex," according to Karan Talwar, senior investment specialist for emerging-market debt at BNP Paribas Asset Management in Hong Kong. These borrowers have been more successful because they're supported by local investor demand, he said. Asia's junk universe is dominated by Chinese borrowers who have flocked to offshore markets in recent years. Emerging-nation companies and governments have raised more than $292 billion through dollar-denominated bond sales this year, data compiled by Bloomberg show. Issuance all but dried up in March as the threat of the coronavirus and weaker oil prices became clear. While the amount of money raised from emerging-market dollar bond sales soared to a record for the first five months of a year, buoyed by blowout new issuance early in 2020, the number of sellers dropped to a four-year low, data show. That highlights how creditors are discriminating more between investment-grade and high-yield debt. Demand for Risk Investors have lapped up a handful of high-yield Chinese notes issued in the past two months. Property developers, which make up the bulk of the nation's riskier issuance, borrowed a record amount in the first quarter and are poised to return with an offering from Zhenro Properties Group Ltd. effectively re-opened that part of the market in May. Orders for the $200 million bond surged to about seven times the issuance size and Asian investors made up 85% of final order books, according to a person familiar with the matter. Separately, just last week orders for another high-yield developer bond from Fantasia Holdings Group Co. reached $1.1 billion for a $300 million with 98% of interest from Asian buyers. Read More … Go to top



Fears that protests in major US cities may fuel new wave of coronavirus outbreaks	The massive protests sweeping across US cities following the police killing of a black man in Minnesota have sent shudders through the health community and elevated fears that the huge crowds will lead to a new surge in cases of the coronavirus. Some leaders appealing for calm in places where crowds smashed storefronts and destroyed police cars in recent nights have been handing out masks and warning demonstrators they were putting themselves at risk. Minnesota's governor said Saturday that too many protesters weren't socially distancing or wearing masks after heeding the call earlier in the week. The demonstrations over the killing of George Floyd, a black man who died after a white Minneapolis officer pressed a knee into his neck, are coming at a time when many cities were beginning to relax stay-at-home orders.That is especially worrisome for health experts who fear that silent carriers of the virus who have no symptoms could unwittingly infect others at gatherings with people packed cheek to jowl and cheering and jeering without masks. "Whether they're fired up or not that does not prevent them from getting the virus," said Bradley Pollock, chairman of the Department of Public Health Sciences at the University of California, Davis. Even for the many protesters who have been wearing masks, those do not guarantee protection from the coronavirus. The Centres for Disease Control and Prevention recommends cloth masks because they can make it more difficult for infected people to spread the virus – but they are not designed to protect the person wearing the mask from getting it. **Read More ...** **Go to top**
Bond Traders Glimpse Yields' Liftoff Potential as Economy Wakens	Investors in the world's biggest bond market are starting to see what the other side of America's worst-ever economic downturn could mean for their portfolios. With more U.S. regions gradually reopening and investor sentiment picking up, the Treasuries yield curve from 5 to 30 years ended May close to the steepest since the height of the virus-fueled market panic more than two months ago. Traders are betting short-to-medium term rates will be anchored by Federal Reserve stimulus, including potential steps such as capping yields. Meanwhile, they see scope for higher longer-maturity yields amid signs that the most dire economic reports may soon be in the rear-view mirror. Data suggesting the

labor market was beginning to rebound last month could cushion the blow from this week's labor report, which is forecast to show the highest jobless rate since the Great Depression.

"We are going to get the last of the big job-shedding numbers, and that will be important context to help investors judge the depth of the contraction, and what the process of coming out of it will look like," said Ian Lyngen, a strategist at BMO Capital Markets. "The steepening trade is going to be thematic over the course of the next 12 to 18 months."

The gap between 5- and 30-year yields surged to end last week at 110 basis points, touching the widest since mid-March. Benchmark 10-year yields were barely changed on the week, ending at around 0.65%.

Last week delivered a reminder of what could limit the upside in yields, with U.S. President Donald Trump intensifying his confrontation with China on Friday. An escalation of tensions between the world's two biggest economies threatens to curb demand for risky assets and bolster the appetite for Treasuries.

There's also the obvious uncertainty over the coronavirus pandemic's trajectory and the risk of a second wave of infections. Fed Chair Jerome Powell warned on Friday that a full economic recovery "will really depend on people being confident that it's safe to go out."

But green shoots are emerging. Continuing jobless claims fell in the most recent week, the first decline during the pandemic. And St. Louis Fed President James Bullard said the unemployment rate could fall below 10% by December. Data this week are forecast to show it reached 19.6% in May, a level unseen since the Depression.

Even so, bond strategists are coalescing round the view that the Fed later this year will implement a policy of yield-curve control -- partly as a way to reinforce guidance that it will keep its main policy rate low for an extended period. The consensus expectation revolves around capping yields on maturities from two to five years.

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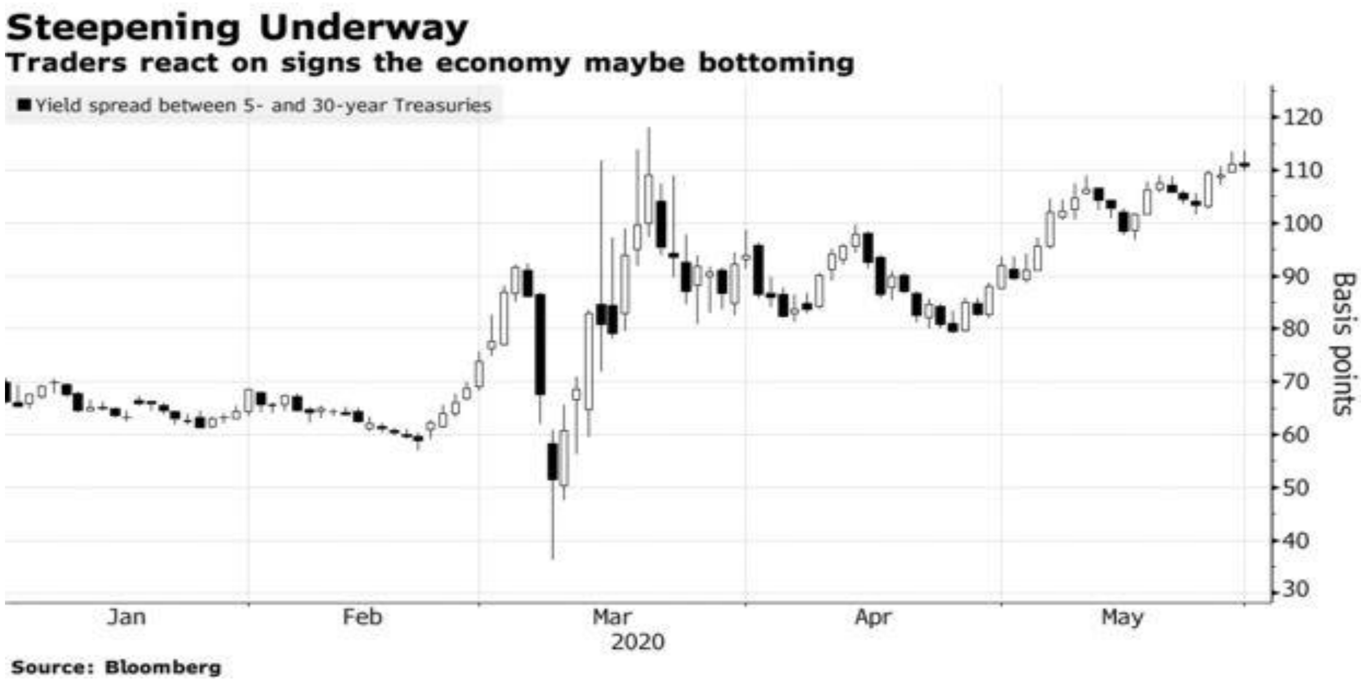

PE firm Warburg Pincus steps in to secure £44bn Tilney Smith & Williamson merger	The £44bn merger between Tilney and Smith & Williamson is one step closer to completion under a revised transaction structure, which will see private equity firm Warburg Pincus enter the fray to co-invest in the business alongside existing investor Permira. It follows intervention earlier this year by the Financial Conduct Authority which, in addition to disruption caused by the coronavirus pandemic, held up the merger as the regulator identified "a number of issues" with the previous terms of the deal. In September 2019 the firms confirmed the merger, which is set to create a £44bn AUM business under the name Tilney Smith & Williamson with chief executive of Tilney Chris Woodhouse set to become group chief executive. Its revised transaction structure is intended to significantly reduce external debt for the combined Tilney Smith & Williamson group, lower ongoing financing costs and improve its regulatory capital position. Under the new terms of agreement, AGF, Smith & Williamson's largest shareholder, will now fully exit its investment in the group upon completion of the transaction, with the overall transaction value for individual Smith & Williamson shareholders the same as under the original agreement. Smith & Williamson's management will be rolling the majority of their investment into the equity of the combined group. Subject to regulatory and anti-trust consent, and the approval of Smith & Williamson's shareholders, the merger is expected to compete in the second half of 2020. The new investment by Warburg Pincus, which is the sixth investment the PE firm has made in a wealth management company, is "a significant vote of confidence in the strength of a combination of Tilney and Smith & Williamson and adds further credibility to the firm's longer term strategy", according to the firms. Tilney Smith & Williamson, which is set to become the fourth largest UK wealth management business by assets and the sixth largest UK professional services firm by income, is expected to generate £530m of revenue on a pro forma basis. Both Tilney and Smith & Williamson noted in a statement that they have seen minimal business disruption during the ongoing crisis, with client engagement high and net flows increasing in the first half of 2020 compared to the same time last year. Co-chief executives of Smith & Williamson David Cobb and Kevin Stopps said: "The rationale for merging Smith & Williamson with Tilney has been persuasive from the outset, given the complementary strengths of the two businesses and the benefits of scale the combination will bring. **Read More …** **Go to top**
New Stimulus Check "Debit Cards" Show America's Banks Are in Big Trouble	A new wave of stimulus payments is hitting people's mailboxes. But they're NOT coming in the form of checks. Instead, millions of Americans are now receiving pre-paid debit cards. That's right. The Treasury Department is sending out around 4 million debit cards to people who haven't provided their banking information to the IRS. The pre-paid cards look like this: The Treasury's calling them Economic Impact Payment (EIP) cards. But look at the top right corner. These are **Visa (V)** cards. And they're the latest proof of what I've been saying all along: this is the end of the bank. And another reason to bet on the true financial disruptors, like Visa and **Mastercard (MA)**. Visa and Mastercard Are the Ultimate "Tollbooth" Stocks It hardly matters what bank you use. At the end of the day, your card likely needs Visa or Mastercard's payment network to function. It's not a coincidence every one of these new EIP cards have Visa's logo plastered on them! Over 80 million stores accept Visa or Mastercard. With one of their cards in your wallet, you can buy stuff anywhere in the world. Visa and Mastercard have effectively created a universally accepted money—a

"global currency." $13 trillion flowed through their networks last year. They make money by taking a small cut of each transaction, like a tollbooth on a highway. Both Visa and Mastercard are minting record profits, and their stocks have handed investors tremendous gains:

These Disruptors Will End Banks as We Know Them

Banks' stranglehold on money is weakening. For many decades, we've had to deal with banks to move money. If you wanted to cash your paycheck, wire money, or get a credit card, you often had to talk to a banker. These days, you can do all these things without ever setting foot inside a bank. You can even get a mortgage without ever talking to a human banker!

Sending money no longer means writing a check and waiting three days for it to clear. Now you can send and receive money instantly with **PayPal's (PYPL)** Venmo. Roughly 50 million Americans use Venmo every month. You can even pay your taxes with PayPal.

Have you ever used **Square's (SQ)** little white box that swipes credit cards? It plugs into your smartphone to turn it into a cash register. Over two million small businesses use it to accept cards instead of cash.

And getting a credit card no longer requires filling out piles of paperwork and answering a banker's questions. Smartphone giant **Apple (AAPL)** made a splash when it debuted its shiny new titanium credit card last August.

As I said, these disruptors will be the final nail in the coffin for tired old banks. Nobody cares if banks have fancy lobbies with marble floors these days. Most Americans just want a fast and convenient way to manage their money. I haven't set foot in a bank in years. And foot traffic into branches has fallen close to 50% in the past decade. Many folks assume "old" money companies like Visa and Mastercard are in trouble too. These folks are wrong.

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Fixed Income ETFs See $55B in Inflows Thus Far this Year

Gold can't have all the safe haven fun—bonds have been seeing their fair share of safety capital during the pandemic, especially with the central government stepping in to inject more capital into debt issues. According to CFRA Research, fixed income ETFs took in $55 billion thus far this year, which is equal to a 42% share of the industry's net inflows, and higher than the $47 billion for capital flowing into equities.

In fact, investor demand in 2020 has been more than double the category's share of ETF assets, CFRA Research noted. ETF investors looking to get in on the action can look at the iShares iBoxx $ Investment Grade Corp Bd ETF (NYSEArca: LQD).

"CFRA's Focus ETF for June is five-star rated iShares $ iBoxx Investment Grade Corporate Bond ETF (LQD), which has been the most popular fixed income fund in 2020," CFRA said in an email. "While the Federal Reserve began purchasing ETFs in May, demand for LQD has stemmed primarily from traditional investors seeking stable income by taking on modest credit risk."

Additionally, here are a pair of investment-grade corporate bond options:

Vanguard Short-Term Corporate Bond ETF (NASDAQ: VCSH): VCSH tracks the performance of a market-weighted corporate bond index with a short-term dollar-weighted average maturity–the Bloomberg Barclays U.S. 1-5 Year Corporate Bond Index. VCSH debt holdings mirror those found within the index, so U.S. dollar-denominated, investment-grade, fixed-rate, taxable securities issued by the industrial, utility, and financial companies comprise the debt portfolio. Furthermore, in order to curb volatility in the bond markets, maturities are relatively short-duration issues–between 1 and 5 years until maturity.

SPDR Portfolio Short Term Corp Bd ETF (NYSEArca: SPSB): SPSB seeks to provide investment results that correlate with the Bloomberg Barclays U.S. 1-3 Year Corporate Bond Index. Once again, O'Leary would benefit from the reduced exposure to volatility with SPSB's investment in shorter-duration debt with maturities less than three years. In addition, SBSP minimizes credit risk by constructing a debt portfolio that contains only investment-grade bonds with

	companies that are less likely to default. Investors looking to get in on the corporate bond action, they can consider the Goldman Sachs Access Investment Grade Corporate Bond ETF (GIGB). GIGB seeks to provide investment results that closely correspond to the performance of the FTSE Goldman Sachs Investment Grade Corporate Bond Index. The fund seeks to achieve its investment objective by investing at least 80% of its assets (exclusive of collateral held from securities lending) in securities included in its underlying index. The index is a rules-based index that is designed to measure the performance of investment-grade, corporate bonds denominated in U.S. dollars that meet certain liquidity and fundamental screening criteria. Read More … Go to top
Goldman Sachs bets against the dollar as economies reopen	Goldman Sachs has begun to establish short positions on the dollar as the reopening of economies is expected to lure investors out of the traditional safe-haven currency. In a note over the weekend, Goldman strategists said that while they had maintained that it was too early to look for “outright and sustained Dollar downside given the balance of cyclical risks,” shorts on the dollar now looked attractive in certain currency crosses. Goldman cited the “steady reopening process, limited evidence of a pickup in Covid infection rates, and encouraging policy actions like progress on the EU Recovery Fund,” a 750 billion euro ($834.1 billion) borrowing program designed to help shore up the European economy in light of the coronavirus pandemic. In particular, they highlighted the Norwegian krone as being well-positioned to outperform during the remainder of the coronavirus crisis, and recommended shorting the USD/NOK pairing with a target price of 8.75 krone to the dollar, with a stop if the krone depreciates to 10.25. The krone currently sits at 9.68 to the dollar. Short selling a currency involves borrowing that currency, selling it at the current market price and then waiting for the price to fall in order to buy the currency back at a lower price and return the loan. The short seller therefore profits if the currency depreciates over that time period. ”(Norway’s) demographics and domestic medical infrastructure make it better equipped for the outbreak than many other countries, and its strong fiscal position puts it at a distinct advantage,” Goldman analysts, led by co-heads of global foreign exchange, Zach Pandl and Kamakshya Trivedi, said in the note on Sunday. “While others are forced to either limit their fiscal policy support or dramatically increase borrowing—both potentially currency negatives—Norway is able to repatriate funds from its investments abroad (today, Norway announced that it will increase daily transactions even further, from NOK 2.1bn to NOK 2.3bn), helping support the economy and the currency.” Read More … Go to top
Investors are dangerously downplaying coronavirus and trade risks, Wilmington Trust’s Meghan Shue warns	Just as the economy is trying to reopen, the market is facing a new risk: Renewed trade tensions with China. Wilmington Trust’s Meghan Shue warns the threat is putting the strong rebound off the March 23 low in jeopardy. “We are definitely worried about U.S.-China tensions escalating. We’ve seen them bubbling up in recent days and weeks,” the firm’s head of investment strategy told CNBC’s “Trading Nation” on Friday. “There are a number of risks that I don’t think are adequately priced into the market that could see a resurgence.” President Trump has been looking to take action against China in connection the coronavirus. He has been questioning the country’s forthrightness regarding the severity of the outbreak.

	On Friday, the President said he'd look to eliminate special treatment toward Hong Kong after China imposed a law that would prohibit political protests. "There's not much room on the political stage for anyone that is seen as going soft on China," said Shue, a CNBC contributor. "We think the tension with China is going to ramp up." Shue, who went slightly underweight in stocks last winter as the market was selling off on virus fears, contends there's more trouble ahead on that front, too. "We see the economic hit being very dramatic — probably 40% on GDP for the second quarter," said Shue. "It looks like the market to me is pricing in a pretty robust V-shaped recovery, and we just don't see that as likely." The S&P 500, Dow and tech-heavy Nasdaq are coming off two months in a row of gains. With one month left in the second quarter, the market is seeing its best quarter since 1998. According to Shue, the market's strong showing suggests investors are dangerously downplaying the risks. "The market is priced pretty much to perfection right now. A lot has to go right," she said. "Any misstep on a number of fronts whether it's to the vaccines or businesses that are not able to reopen as many anticipate — that would be reason for the market to give back some of these gains." Shue warns the virus remains the biggest overall risk to the market. Even though that could wipe out gains, she is encouraging long-term investors with at least a 12 month time horizon to stay in the stock market. "That doesn't mean you have to get overly negative on stocks. But it does mean that you should be properly diversified and not expect the market to go up in a straight line," she added. Shorter-term, she believes the market's risk versus reward will continue to get murky. "The market needs to be pricing in a little bit more of that downside risk for me to get really excited about stocks at the moment," Shue said. Read More … Go to top
More than one trillion pounds of UK gilts had negative yields in May	The market-value of UK government bonds on the Tradeweb platform with negative yields stood at more than one trillion pounds ($1.24 trillion), or almost 45% of the total market as of the end of May, data released on Monday showed. Yields on short-dated British government bonds or gilts have pushed below 0% in recent weeks, reflecting speculation that the Bank of England could be the next central bank to push its official rates below zero. According to numbers provided by the electronic trading platform, 1.07 trillion pounds worth of gilts had negative yields as of the end of May out of a total market worth around 2.4 trillion pounds. The data on UK government bonds was provided by Tradeweb on request, therefore a comparison with April numbers is unavailable. The market value of negative-yielding euro zone government bonds on Tradeweb's platform rose to around 4.73 trillion euros ($5.27 trillion) or roughly 56% of a total market worth, from 8.4 trillion euros as of the end of May. That was up from around 4.5 trillion euros at the end of April. The market value of investment grade corporate bonds with a negative yield stood at 99 billion euros at the end of May, up from 71 billion at the end of April, Tradeweb said. Read More … Go to top
Austria opposes current EU rescue, wants changes - finance minister	Austria opposes Europe's current 750 billion euro plan to help economies recover from the coronavirus pandemic and wants to negotiate changes to the proposal, the country's finance minister said on Saturday. Under the plan, which must be approved by all bloc members, the EU's executive Commission would borrow from the market and then disburse two-thirds of the funds in grants and the rest in loans to cushion the

	unprecedented economic slump expected this year due to lockdowns. Much of the money would go to hard-hit Italy and Spain. Finance Minister Gernot Bluemel told broadcaster ORF that Austria was ready to negotiate amendments to make the European Commission's package more acceptable, but said it would put too great a burden on Austrian taxpayers in its current form. "Austria will not agree to this package," Bluemel said in the radio interview. "Why? Because the burden that it puts on the Austrian taxpayer would be simply too big. That's why we need renewed talks, in which we're ready to participate." Austria, one of a group of nations with the Netherlands, Sweden and Denmark known as the "frugal four", has previously called the package a starting point for talks. But Bluemel's comments on Saturday suggested that without changes, his country would reject the blueprint. The recovery fund comes in addition to the EU's long-term budget for 2021-27, which the Commission proposed to set at 1.1 trillion euros and needs unanimous backing of all EU states and the European Parliament. Read More … Go to top
Venezuela, in Historic Shift, Moves to Scale Back Fuel Subsidy	The regime of Nicolás Maduro, grappling with intense gasoline shortages, said it will scale back its longstanding fuel subsidy and privatize service stations, in a significant shift for Venezuelans long accustomed to filling up their cars free of charge. The measures, which take effect on Monday, are a gamble for Mr. Maduro as he struggles with a devastating economic crisis and tries to outlast U.S.-led sanctions meant to topple his authoritarian administration. By sharply raising prices, the government says it will make fuel supply more efficient at the same time Venezuelans are queuing for days for gasoline. But the move also flirts with what has been long considered a taboo in the country that sits atop the world's largest oil reserves, and where a similar measure three decades earlier plunged the nation into protests. "In Latin America, removing energy subsidies is a form of political suicide, and when they're done badly, they result in chaos," said Giorgio Cunto, a statistics professor and economist with the Caracas consulting firm Ecoanalítica. Under the new system, Venezuelans will be limited to 32 gallons of gasoline a month at a subsidized price of nearly 10 cents a gallon. Unlimited quantities, however, can be accessed at a price of $1.90 a gallon, which will be sold at a network of 200 gas stations that the government has privatized to unspecified businessmen. "It's a new beginning, for a new situation," Venezuela Oil Minister Tareck El Aissami said during a news conference Sunday. "This will allow for the normalization of gasoline for the whole country." But even as Venezuelans are reeling from years of sky-high inflation that has rendered minimum wage to just a few U.S. dollars a month, government detractors denounced the measure as a brutal economic adjustment. Such a drastic action, they say, wouldn't have been necessary were it not for the rampant mismanagement of Venezuela's once-thriving oil industry, which has led the cash-strapped government to import fuel, most recently from Iran, a fellow U.S. adversary. At its zenith, about a decade ago, Venezuela was consuming more than 600,000 barrels of fuel a day, large portions of which, according to the government, were lost to smugglers who took it to neighboring countries to sell at steep markups. But while domestic demand has fallen to nearly one-quarter of that amid Venezuela's economic meltdown, the government still hasn't been able to provide enough because its refineries—with capacity to process 1.3 million barrels a day—are in disarray from insufficient maintenance and corruption, said Ivan Freites, an oil-union leader.

	Economists estimate that maintaining gasoline free costs Caracas upward of $10 billion a year. Throughout his seven tumultuous years in office—marked by street demonstrations, coup attempts and a mass exodus of refugees—Mr. Maduro has repeatedly floated the idea of cutting fuel subsidies, but with little follow through. Read More … Go to top
Saudi Foreign Reserves Drop in April on Wealth-Fund Transfer	Saudi Arabia's foreign reserves dropped sharply in April as the kingdom kept its peg with the U.S. dollar steady while transferring a chunk to its sovereign-wealth fund to bet on stocks beaten down by the coronavirus pandemic. The kingdom's reserves in recent years have hovered around the $500 billion level, held by its central bank in mostly low-risk assets such as U.S. Treasurys. The implied stability allowed officials to maintain the Saudi riyal's peg to the dollar and demonstrate the kingdom's financial strength as it raised billions in debt to help fund an ambitious spending plan. Total foreign reserve assets fell by $24.7 billion in April to about $448.6 billion, according to the latest data posted Sunday by the central bank, known as the Saudi Arabian Monetary Authority. They had fallen by $23.9 billion in March—the largest single-month drop going back two decades. That decline came as the central bank transferred $40 billion to the Public Investment Fund over March and April for a buying spree of international stocks amid the financial fallout of the pandemic. Saudi Finance Minister Mohammed al-Jadaan has indicated the transfer was a one-off transaction to take advantage of the opportunity. However, it opens the doors for further such disbursements and weakens the central bank's safety net as oil prices remain low and the pandemic drags on, analysts and bankers say. It is widely accepted, based on domestic money supply, that Saudi Arabia would need around $300 billion to maintain the peg. SAMA was forced to reiterate its commitment to the peg in May after March's decline prompted some investors to bet against it. Moreover, Saudi Arabia needs the money to keep its economy ticking. Under de facto ruler Crown Prince Mohammed bin Salman, the kingdom is attempting to reshape its oil-dependent economy by boosting the private sector. But the government still depends heavily on crude sales to help finance its budget. It is expected to draw down from foreign reserves to fill a deficit expected at nearly 13% of output this year due to low oil prices and the coronavirus-induced slowdown. In a sign of its precarious financial position, the government tripled its value-added tax rate, eliminated allowances for state workers and cut spending on headline projects. Prince Mohammed tasked PIF in 2015 with diversifying the country's economy by investing in companies and industries untethered to hydrocarbons. The centerpiece of that plan—selling 5% of state oil giant Aramco, known officially as Saudi Arabian Oil Co., on an international exchange—was supposed to inject up to $100 billion into PIF's coffers for foreign acquisitions. After repeated delays, Aramco offered just 1.5% of its shares on the Riyadh bourse, generating about $30 billion. "PIF couldn't do much with the proceeds of the Aramco share sale because the majority of this money came from the banking system inside Saudi Arabia," said Mazen al-Sudairi, head of research at Riyadh-based Al Rajhi Capital. Another strategy to fund PIF's investments—selling the fund's stake in national petrochemicals firm Sabic to Aramco for $69.1 billion—also has fallen short as Aramco seeks to lower the valuation. Read More … Go to top
Democrats Stick With Tax-Rise Policies as They Make Plans for 2021 Majority	The coronavirus pandemic shook the U.S. economy. It hasn't shaken Democrats' fervor for trillions of dollars in tax increases, and significant income redistribution is still likely as soon as 2021 if Joe Biden wins the White House and Democrats control Congress.

Democratic lawmakers and policy aides worry little that planned tax increases on corporations and high-income households would hinder the economic recovery. If anything, they argue that economic disparities evident during the pandemic make these tax increases more necessary.

"It's all the more important to protect the retirement and security of working [people] and make sure the wealthy pay their fair share," said Oregon's Ron Wyden, who would be Finance Committee chairman if Democrats retake the Senate. "We'll be ready to go in January of 2021."

Mr. Biden's tax proposals are modest compared with those of his former rivals for the Democratic presidential nomination. Unlike Bernie Sanders and Elizabeth Warren, he hasn't endorsed imposing annual wealth taxes.

Still, his proposals would undo major pieces of the 2017 tax law and raise taxes beyond what President Obama and 2016 nominee Hillary Clinton sought, generating $4 trillion over a decade. Republicans oppose those tax increases and will campaign against them, warning that they would slow growth and discourage investment.

"Joe will come in with a more progressive economic policy than we have seen from a Democrat in a long time," said Rep. Don Beyer of Virginia, the top Democrat on the Joint Economic Committee. "This is the chance to build an economy that's much more equitable."

For corporations, Mr. Biden would raise the tax rate to 28% from 21% and impose additional taxes on foreign profits. High-income individuals would pay steeper tax rates on wages, business income and capital gains and face new caps on deductions.

Pressed recently about whether he would delay tax increases while the economy is weak, Mr. Biden defended his proposals. In an interview on CNBC, he emphasized that households making below $400,000 wouldn't pay more. About 74% of his tax increases fall on the top 1% of households, according to the Tax Policy Center, a Washington group run by a former Obama administration official. Some households earning less than $400,000 would pay more because corporate tax increases affect stock owners and workers at all income levels.

The timing of tax legislation and its effective dates will depend on the state of the economy next year, a Biden adviser said.

The budgetary estimates don't include Mr. Biden's support for repealing the cap on the state and local tax deduction, a move that would cut taxes for high-income Americans.

Mr. Biden's tax policies were designed before the pandemic struck the economy and sent unemployment soaring. Congress's bipartisan response includes spending increases and tax cuts for businesses and individuals that are adding trillions of dollars to budget deficits. There is broad agreement that policy makers shouldn't worry about widening deficits during a crisis.

Democrats say they learned a crucial lesson from the previous recession, which ended in 2009 while Mr. Biden was vice president. They say lawmakers moved too quickly to rein in budget deficits, unnecessarily slowing spending and the recovery.

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India GDP may contract by 2 per cent in FY21, says BoA Securities

The extension of the lockdown by the government will have a deep impact on economic activity, a foreign brokerage said, sharply cutting India's GDP forecast for this financial year to a contraction of 2 per cent.

The estimate has been arrived at with the assumption that the lockdown will extend till mid-July and a restart of the economy will get stretched to August, analysts at Bank of America Securities said. It can be noted that the RBI also expects the economy to contract in FY21 (2020-2021), but has not given a level to it.

Some analysts have pegged the contraction as high as 5 per cent.

The central government has been reopening parts of the economy, while continuing with the lockdown in COVID-19-affected parts of the country, which

	contribute over 60 per cent of the GDP. "The government has extended the nationwide lockdown to June 30 with further relaxations (as Unlock 1.0). We estimate that a month's slowdown will cost 1-2 percentage points of GDP and the six week restart to shave off 0.60 per cent," its analysts wrote. Read More ... Go to top
Equity infusion scheme, package for distressed MSMEs approved	Prime Minister Narendra Modi today chaired a Cabinet meeting in which some important decisions related to MSME sector and agriculture were taken. The meeting assumed significance as it coincided with the completion of the first year of Modi 2.0 government and the beginning of 'Unlock 1.0' or 'Lockdown 5.0'. A meeting of the Cabinet Committee on Economic Affairs (CCEA) was also held today at the Prime Minister's residence at 7 Lok Kalyan Marg. Union Ministers Prakash Javadekar, Nitin Gadkari and Narendra Singh Tomar will soon brief the media on Cabinet decisions. -Cabinet has approved extension of repayment date for short term loans for agriculture and allied activities by banks which have become due or shall become due between 1st March, 2020 and 31st August, 2020. -Govt hikes paddy MSP by ₹53 per quintal to ₹1,868 per quintal for the 2020-21 crop year: Agriculture Minister. -MSMEs will be encouraged to go to stock markets: Gadkari -Distressed assets fund of ₹4,000 crore for MSMEs: Gadkari -MSME definition changed once again. Turnover limit for medium enterprises revised upward to ₹250 crore from ₹100 crore as announced earlier. -Cabinet has approved MSP for 14 kharif crops. Farmers will get 50-83% more than cost: Minister -Cabinet has approved ₹50,000 crore equity infusion for MSMEs, this will strengthen their growth potential and will enable them to get listed on stock exchanges, this is for the first time MSMEs are getting such support. -Functioning MSMEs which are NPA or stressed will be eligible for the stressed assets package. -MSME promoters will be given debt by banks which will then be infused as equity by promoters. -Cabinet has approved ₹20,000 crore subordinate debt for stressed MSMEs, will benefit 2 lakh stressed MSMEs: Javadekar -Poor people are the topmost priority of the govt: Minister -Govt is implementing its decision to increase MSP -MSME definition has been changed once again -Many decisions regarding MSME sector and agricultural sector have been taken today: Javadekar -Press briefing begins. -PM Modi had yesterday assured farmers that all help will be provided to them to deal with the locust menace. -The cabinet meeting comes on the day of the beginning of a phased exit from lockdown as part of 'Unlock 1.0'. Read More ... Go to top
India's bid for tighter grip on rupee trading is put to test	India's most ambitious step to get a tighter grip on rupee trading, which has been shifting to markets like London and Singapore, is being put to the test as the nation's banks start trading the currency in offshore markets. Twelve local lenders, including State Bank of India, Bank of Baroda, Axis Bank Ltd., and ICICI Bank Ltd., can trade in the Non Deliverable Forward market for the currency from Monday. Reserve Bank of India Governor Shaktikanta Das had made a surprise announcement in March allowing certain banks to trade the rupee offshore. The South Asian nation is seeking to strengthen its regulatory grip on rupee trading as blowouts in offshore prices tend to disrupt exchange rates for the currency. The move closely follows India kicking-off its domestic NDF market in May with two exchanges starting trading in forex-settled dollar/rupee contracts.

	“Participation of Indian banks, who have real-time access to both onshore spot, forward, and NDF market would help in curbing volatility," said Subrat Kumar, general manager-specialized integrated treasury at Bank of Baroda. “It will also add new non-resident customers to their fold by offering better pricing and liquidity." The NDF, nominally a tool for hedging, is also popular with investors who want to bet on the future direction of a currency without taking deliveries. They're often used in major financial centers in place of currencies that don't trade round-the-clock. The average daily volume for the rupee in London totaled $47 billion in April 2019, according to the Bank for International Settlements. That's a five-fold jump from 2016, and more than the $34.5 billion of trades executed locally at the time. ICICI Bank started trading in the dollar/rupee contracts, dealing with both clients and other banks in the Singapore market on Monday, the lender said in a statement. With volumes of $2.3 billion, the dollar/rupee contracts accounted for 15% of trades in the Singapore NDF market at 2:50 pm, according to data from The Depository Trust & Clearing Corp. The one-month contract inched down 0.1% to 75.65. The lenders should have branches in a special hub called the International Finance Services Center in GIFT City in Gujarat to be eligible to trade in offshore currency markets. Banks are putting in place documentation to trade with the big global banks and to vie for clients like hedge funds, asset managers, and large corporates. Indian regulations currently don't allow domestic banks to post foreign currency-denominated collateral with counter-parties overseas. A legal document called a Dollar Credit Support Annexe is usually a prerequisite to deal with an overseas counter-party, which banks are putting in place, bankers said. All trades in NDF markets have to be reported to the Clearing Corp of India platform, according to the central bank's rules. By allowing the banks to trade in NDFs, RBI is ignoring a recommendation by its own panel, which had suggested against it citing the potential loss of onshore liquidity, to get a better regulatory grip on the ballooning volumes. Read More … Go to top
Banks and NBFCs begin tug of war on extension of loan moratorium scheme	Most banks aren't very forthcoming in extending the loan moratorium to non-banking finance companies (NBFCs) and microfinance institutions even after the Reserve Bank of India (RBI) extended the facility by another three months till August 31. Through informal communications, many banks have conveyed to NBFCs and micro lenders that they aren't in favour of extending the moratorium, at least three NBFC industry officials told Moneycontrol. “They tell us that NBFCs have already received liquidity assistance from the government and RBI, hence moratorium is not required. They are unwilling to give us the reason in writing because we can challenge their decision in courts or take it up with the RBI,” said an industry official who did not want to be named. Immediately after the RBI had announced the extension of loan moratorium facility for another three months till August 31, NBFCs had approached banks for moratorium availability. Read More … Go to top
Debt funds take to G-Secs and public sector bonds, dump corporate debt	With lower-rated securities proving to be albatrosses on their necks, debt mutual funds (MFs) are increasingly playing it safe. Debt MFs are shunning securities issued by corporates and NBFCs (non-banking finance companies) and are increasing their exposure to G-Secs (government securities) and bonds issued by public sector units (PSUs). Playing it safe

	Debt MF holdings of G-Secs and PSU bonds as a proportion of their overall portfolio increased to 23.1 per cent in April from 21.2 per cent in February. It constituted only 17.2 per cent of the holdings in August last year. Their exposure to G-Secs alone has gone up to 8.6 per cent in April compared to 5.2 per cent last August. Fund houses now hold G-Secs to the tune of Rs 116210 crore, a 52.1 per cent surge in six months, data with market regulator SEBI showed. In contrast, fixed-income MF holdings in corporate debt have fallen from 28.2 per cent in February (nearly Rs 432700 crore) to 26.9 per cent (around Rs 364420 crore) in April this year. Risk aversion was visible in the credit rating profile of instruments held by debt MFs. There was also a sharp churn in the quality of papers held, with the share of 'sub-AAA' rated securities in the portfolios of debt MFs falling from 41 per cent in September last year to 22 per cent in March 2020. Incidentally, SEBI allowed fund houses to invest an additional 15 per cent of AUM (assets under management) in G-Secs and T-Bills (Treasury bills). These were allowed in corporate bond, banking & PSU debt, and credit risk funds from mid-May, after a representation from the industry body AMFI (Association of Mutual Funds in India). G-Secs are considered safe and liquid instruments. From a high of 76 per cent around the IL&FS crisis in September 2018, the share of private sector paper (including that of NBFCs) is down to sub-60 per cent levels now. Debt MFs are large participants in the corporate bond market. But they have been reducing their exposure to corporates and are now focusing only on top-rated papers. Top corporates that borrow from MFs include those from telecom, oil and gas, power and mining sectors Private NBFC papers shunned Private sector NBFCs have recorded the sharpest fall in their share in debt MF industry AUMs (assets under management). The share of private sector NBFCs started declining in the portfolios of debt funds after the IL&FS crisis. The absolute holdings of private sector NBFC paper have fallen 42 per cent in the last 18 months. But holdings in PSU NBFCs have risen 38 per cent during the period. While the overall NBFC borrowing from MFs has fallen 17 per cent since the ILFS crisis, 'sub-AAA' rated papers have plunged 26 per cent. Read More … Go to top
China asks state firms to halt purchases of U.S. soybeans, pork, say sources	China has asked its state-owned firms to halt purchases of soybeans and pork from the United States, two people familiar with the matter said, after Washington said it would eliminate special U.S. treatment for Hong Kong to punish Beijing. China could expand the order to include additional U.S. farm goods if Washington took further action, the people said. Read More … Go to top
Iran says it is ready to continue fuel shipments to Venezuela	Iran will continue fuel shipments to Venezuela if Caracas requests more supplies, the Iranian Foreign Ministry spokesman said on Monday, despite Washington's criticism of the trade between the two nations, which are both under U.S. sanctions. "Iran practises its free trade rights with Venezuela and we are ready to send more ships if Caracas demands more supplies from Iran," Abbas Mousavi told a weekly news conference broadcast live on state TV. Defying U.S. threats, Iran has sent a flotilla of five tankers of fuel to the South American oil-producing nation, which is suffering from a gasoline shortage. Seeking to deter further shipments of Iranian fuel to Venezuela, Washington is monitoring the supply. It has warned governments, seaports, shippers and insurers that they could face measures if they aid the tankers. According to Refinitiv Eikon on Sunday, two Iranian tankers that delivered fuel to Venezuela as part of the flotilla have begun to sail back, as the government in Caracas prepares stations to begin charging for the gasoline.

	Tensions have spiked between longtime foes Tehran and Washington since 2018, when President Donald Trump exited Iran's 2015 nuclear deal with six major powers and reimposed sanctions on the country that has battered its economy. Read More … Go to top
Algeria suggests bringing forward OPEC+ meeting to June 4 – letter	OPEC President Algeria has proposed bringing forward the next meeting of the oil producing group and its allies, known as OPEC+, to June 4 from an earlier plan to hold it on June 9-10, according to a letter from Algeria to OPEC+ members seen by Reuters. Algeria's energy minister, Mohamed Arkab, said in the letter that he had held discussions with "some ministers" about bringing forward the dates, which would help "facilitate nominations". The term "nominations" is used by OPEC's de facto leader Saudi Arabia as well as Iraq and Kuwait to allocate crude to traditional buyers depending on demand. The nominations take place around the 10th of every month. In April, OPEC+ decided to cut its production by a record 9.7 million barrels per day, or 10% of global output, to lift prices battered by a drop in demand because of lockdown measures to stop the spread of the coronavirus. A drop in OPEC+ production combined with a record decline in output from non-members such as the United States and Canada helped lift oil prices towards $35 per barrel, although they remain at only half the levels seen at the start of the year. Sources have told Reuters that Saudi Arabia is proposing to extend record cuts from May and June until the end of the year but it has yet to win support from Russia, which believes curbs could be gradually eased. On Friday, a monthly survey by Reuters showed OPEC's oil output hit its lowest in two decades in May as Saudi Arabia and other members delivered record supply cuts. However, the survey showed the overall compliance was around 75% because Nigeria and Iraq failed to fully comply with their share of reductions. Arkab said in his letter the low compliance rates "may have an adverse impact as soon as markets are open on Monday". Read More … Go to top
German economic stimulus plan could be worth 75 billion-80 billion – paper	Germany is working on a stimulus package worth 75 billion-80 billion euros (67.26 billion pounds-72.12 billion pounds) to support economic recovery after the coronavirus pandemic, weekly Bild am Sonntag reported. Chancellor Angela Merkel's coalition would stump up more than 60 billion euros, while the country's regional states would shoulder the rest, the paper reported. The government was not immediately available for comment. Finance Minister Olaf Scholz from the co-governing Social Democrats (SPD) and Economy Minister Peter Altmaier from Merkel's Christian Democrats (CDU) are expected to present the stimulus programme next week. The scheme could include tax cuts, cash handouts to families, additional funds for small companies, debt relief for municipalities and subsidies for the car industry, according to proposals from various policy makers. Europe's largest economy is expected to plunge into its steepest recession since World War Two. The new fiscal stimulus package comes on top of a 750 billion-euro rescue package agreed in March. Wolfgang Schaeuble, president of the German parliament, on Sunday called for the stimulus plan to focus on climate policy, digitization and innovation. "It is crucial not just to announce large sums of money, but to do the right thing", he told Frankfurter Allgemeine Sonntagszeitung (FAS). "Some people think that climate policy must now take a back seat. But that cannot be seriously advocated," he said, adding that cash incentives for new cars would be "unimaginative". He echoed comments from some industry groups which have spoken out

	against bonuses for new cars, after France introduced such a scheme. The president of the VDMA association of German engineering firms, Carl Martin Welcker, told FAS: "Purchase premiums for cars and comparable individual subsidies discriminate against other products and generate windfall profits." Read More ... Go to top
SocGen Quants Skeptical on Stocks Amid 'Wobbly' Cyclicals Rally	U.S. stocks may be well off their mid-March lows, but Societe Generale SA's quantitative strategists are wary of the rally. "From a market technical perspective, the cyclical recovery has been very volatile, wobbly, up one week, down the next, indicating the fragility of the market recovery," Solomon Tadesse, head of North American equity quant research, said in an email May 31. "If this is a true economic recovery and if the March market plunge is the market bottom, we should see a clear and strong rebound in cyclicals." Cyclical stocks, those that benefit most when the economy is running hot, have shown some signs of resurgence. On Tuesday and Wednesday last week, the Russell 2000 Index outperformed the tech-heavy Nasdaq-100 Index by more than 2.5 percentage points only to lag behind by about 2 percentage points in each of the following two sessions. The Russell 1000 Value Index behaved similarly relative to its Growth counterpart. "The worst may not be over for the market," Tadesse and colleagues including Andrew Lapthorne wrote in a separate note May 28 that studied the past 100 years of market downturns and recoveries. While optimism about economic recovery might be spurring gains in cyclicals, the uncertainty about how the pandemic will end, and the timeline of potential vaccines, will limit their advance, they said. SocGen's warning comes as Goldman Sachs Group Inc. on May 29 pared its forecast for further declines, citing the strength of stock gains and support from fiscal stimulus and monetary policy. Strategists led by David Kostin moved their downside S&P 500 forecast to 2,750, from a previous 2,400, compared with the May 29 close of 3,044. Still, Goldman sees a number of reasons to be cautious on U.S. stocks, including lack of buybacks and narrow participation in the recent gains. Even JPMorgan Chase & Co., which made an early call that the worst was behind markets, tamped down its optimism on equities last week. Read More ... Go to top
Here's why the 'unloved but welcome' U.S. stock market rally from March lows won't last, Goldman says	The S&P 500 has rebounded more than 35% since its Mar. 23 low and now trades 10% below its all-time high. The rally, after stocks plunged 34% in just 23 trading days, was unloved because investors weren't positioned to take full advantage, but welcome because most investors are structurally long-biased, the analysts, led by David Kostin, said. They described it as a "remarkable journey" but said the upward trajectory of U.S. stocks would most likely stop. The equity research analyst's year-end target remains 3,000 — slightly lower than the index's 3,044 close on Friday — as "numerous medical, economic and political risks dot the investment landscape." If the expected "achievable but optimistic" normalization of the economy is met that would validate the existing market level, rather than push it substantially higher, they concluded. In the near-term, the index could move to 3,200 but any bumps in the road to economic reopening or further political risks could send the index to 2,750, they said. "Broader participation in the rally will be needed for the aggregate S&P 500 index to climb meaningfully higher. The modest upside for the largest stocks means the remaining 495 constituents will need to rally to lift the aggregate index," they said. Read More ...

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International Events

Date	Time	COUNTRY	DATA	Forecast	Previous
TueJun 2	4:15am	NZD	Building Consents m/m		
		NZD	Overseas Trade Index q/q		
	5:20am	JPY	Monetary Base y/y		
	7:00am	AUD	Company Operating Profits q/q		
		AUD	Current Account		
		AUD	Building Approvals m/m		
	9:05am	JPY	10-y Bond Auction		
	11:00am	AUD	Cash Rate		
		AUD	RBA Rate Statement		
	All Day	EUR	Italian Bank Holiday		
	12:00pm	CHF	Retail Sales y/y		
	12:45pm	EUR	Spanish Manufacturing PMI		
	1:00pm	CHF	Manufacturing PMI		
	1:15pm	EUR	Italian Manufacturing PMI		
	1:20pm	EUR	French Final Manufacturing PMI		
	1:25pm	EUR	German Final Manufacturing PMI		
	1:30pm	EUR	Final Manufacturing PMI		
	Tentative	AUD	Annual Budget Release		
	2:00pm	GBP	Construction PMI		
		GBP	M4 Money Supply m/m		
		GBP	Mortgage Approvals		
		GBP	Net Lending to Individuals m/m		
	Tentative	GBP	BOE Quarterly Bulletin		
	All Day	USD	Wards Total Vehicle Sales		
	Tentative	NZD	GDT Price Index		
WedJun 3	Tentative	CAD	Annual Budget Release		
	4:00am	AUD	AIG Construction Index		
	6:30am	NZD	ANZ Commodity Prices m/m		
	7:00am	AUD	GDP q/q		
	7:15am	CNY	Caixin Services PMI		
	11:15am	CHF	GDP q/q		
	12:30pm	EUR	Spanish Unemployment Change		
	1:25pm	EUR	German Unemployment Change		
	1:30pm	EUR	Italian Monthly Unemployment Rate		
	2:00pm	GBP	Final Services PMI		
	2:30pm	EUR	PPI m/m		
		EUR	Unemployment Rate		

	5:45pm	USD	ADP Non-Farm Employment Change		
	6:00pm	CAD	Labor Productivity q/q		
	7:15pm	USD	Final Services PMI		
	7:30pm	CAD	BOC Rate Statement		
		CAD	Overnight Rate		
		USD	ISM Non-Manufacturing PMI		
		USD	Factory Orders m/m		
	8:00pm	USD	Crude Oil Inventories		
	11:30pm	USD	Beige Book		
ThuJun 4	4:31am	GBP	BRC Retail Sales Monitor y/y		
	7:00am	AUD	Trade Balance		
	9:05am	JPY	30-y Bond Auction		
	12:00pm	CHF	CPI m/m		
	12:15pm	EUR	French Gov Budget Balance		
	12:45pm	EUR	Spanish Services PMI		
	1:15pm	EUR	Italian Services PMI		
	1:20pm	EUR	French Final Services PMI		
	1:25pm	EUR	German Final Services PMI		
	1:30pm	EUR	Final Services PMI		
	2:30pm	EUR	Retail Sales m/m		
	Tentative	EUR	Spanish 10-y Bond Auction		
	Tentative	EUR	French 10-y Bond Auction		
	5:00pm	USD	Challenger Job Cuts y/y		
	5:15pm	EUR	Main Refinancing Rate		
		EUR	Monetary Policy Statement		
	6:00pm	CAD	Trade Balance		
		EUR	ECB Press Conference		
		USD	Unemployment Claims		
		USD	Revised Nonfarm Productivity q/q		
		USD	Revised Unit Labor Costs q/q		
		USD	Trade Balance		
	8:00pm	USD	Natural Gas Storage		
FriJun 5	4:00am	AUD	AIG Services Index		
	5:00am	JPY	Household Spending y/y		
	7:00am	AUD	Retail Sales m/m		
	10:30am	JPY	Leading Indicators		
	11:30am	EUR	German Factory Orders m/m		
	12:30pm	CHF	Foreign Currency Reserves		
	1:00pm	GBP	Halifax HPI m/m		
	1:30pm	EUR	Italian Retail Sales m/m		
	2:00pm	GBP	Consumer Inflation Expectations		
	6:00pm	CAD	Employment Change		
		CAD	Unemployment Rate		
		USD	Average Hourly Earnings m/m		
		USD	Non-Farm Employment Change		

		USD	Unemployment Rate		
	7:30pm	CAD	Ivey PMI		
SatJun 6	12:30am	USD	Consumer Credit m/m		
SunJun 7					
MonJun 8	All Day	AUD	Bank Holiday		
	5:20am	JPY	Bank Lending y/y		
		JPY	Core Machinery Orders m/m		
		JPY	Current Account		
		JPY	Final GDP Price Index y/y		
		JPY	Final GDP q/q		
	Tentative	CNY	Trade Balance		
	Tentative	CNY	USD-Denominated Trade Balance		
	10:30am	JPY	Economy Watchers Sentiment		
	11:30am	EUR	German Industrial Production m/m		
	2:00pm	EUR	Sentix Investor Confidence		
	5:45pm	CAD	Housing Starts		
	6:00pm	CAD	Building Permits m/m		
TueJun 9	4:31am	GBP	RICS House Price Balance		
	5:00am	JPY	Average Cash Earnings y/y		
	5:20am	JPY	M2 Money Stock y/y		
	7:00am	AUD	NAB Business Confidence		
		AUD	ANZ Job Advertisements m/m		
	11:15am	CHF	Unemployment Rate		
	11:30am	EUR	German Trade Balance		
		JPY	Prelim Machine Tool Orders y/y		
	12:15pm	EUR	French Trade Balance		
	2:30pm	EUR	Final Employment Change q/q		
		EUR	Revised GDP q/q		
	All Day	All	OPEC Meetings		
	3:30pm	USD	NFIB Small Business Index		
	7:30pm	USD	Final Wholesale Inventories m/m		
		USD	IBD/TIPP Economic Optimism		
		USD	JOLTS Job Openings		
	10:31pm	USD	10-y Bond Auction		
WedJun 10	4:15am	NZD	Manufacturing Sales q/q		
	5:20am	JPY	PPI y/y		
	6:00am	AUD	Westpac Consumer Sentiment		
	7:00am	CNY	CPI y/y		
		CNY	PPI y/y		
	12:15pm	EUR	French Industrial Production m/m		
	2:00pm	GBP	GDP m/m		
		GBP	Manufacturing Production m/m		
		GBP	Construction Output m/m		
		GBP	Goods Trade Balance		
		GBP	Index of Services 3m/3m		

		GBP	Industrial Production m/m		
	10th-15th	CNY	New Loans		
	10th-15th	CNY	M2 Money Supply y/y		
	All Day	All	G7 Meetings		
	All Day	All	OPEC-JMMC Meetings		
	6:00pm	USD	CPI m/m		
		USD	Core CPI m/m		
	Tentative	GBP	NIESR GDP Estimate		
	8:00pm	USD	Crude Oil Inventories		
	11:30pm	USD	FOMC Economic Projections		
		USD	FOMC Statement		
		USD	Federal Funds Rate		
		USD	Federal Budget Balance		

Domestic Event

SCROLL DOWN

Friday May 29 2020			Actual	Previous	Consensus	Forecast
11:30 AM	IN	**Infrastructure Output YoY** APR		-6.5%		-16.2%
11:30 AM	IN	**Foreign Exchange Reserves** MAY/22		$487B		
11:30 AM	IN	**Government Budget Value** APR		INR-10365B		INR-1870B
11:30 AM	IN	**Government Budget Value** MAR				INR -9800B
12:00 PM	IN	**GDP Growth Rate YoY** Q1		4.7%	2.1%	1.9%
Monday June 01 2020			Actual	Previous	Consensus	Forecast
05:00 AM	IN	**Markit Manufacturing PMI** MAY		27.4		32
Wednesday June 03 2020			Actual	Previous	Consensus	Forecast
05:00 AM	IN	**Markit Services PMI** MAY		5.4		21
Friday June 05 2020			Actual	Previous	Consensus	Forecast
11:30 AM	IN	**Deposit Growth YoY** MAY/22		10.6%		
11:30 AM	IN	**Foreign Exchange Reserves** MAY/29				
11:30 AM	IN	**Bank Loan Growth YoY** MAY/22		6.5%		