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Major News impacting Market

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Risk Appetites Wane	Risk appetites have been gradually waning this week. US equity losses mounted yesterday after Tuesday's late sell-off. Asia Pacific equities were off, with many seeing at least 1.5% drops. Europe's Dow Jones Stoxx 600 is off a little more to double this week's decline and leaves it in a position to be the biggest drop since panicked days in mid-March. US shares are narrowly mixed, but coming into today, the S&P 500 is off 3.7% for the week, which, if sustained, would also be the largest decline in nearly two months. Bond markets are better bid, and the US 10-year benchmark is off four basis points to 61 bp, the lowest in three and half weeks, despite the deluge of supply. European yields are off 1-3 bp. The dollar is firm against nearly all the world's

	currencies. The yen, among the majors, and the Turkish lira and Russian rouble in the emerging market space, are the notable exceptions. Oil and gold are near five-day highs (~$1720 and $27 basis July WTI). **Read More ...** **Go to top**
China faces increasing downward pressure on foreign trade this year: commerce ministry	China faces increasing downward pressure on foreign trade this year due to the huge shock the coronavirus pandemic has caused to the world economy and global supply chains, the commerce ministry said on Thursday. The impact is especially pronounced for medium-sized and small firms and labour-intensive sectors, said ministry spokesman Gao Feng during a weekly press conference. **Read More ...** **Go to top**
Trump calls Fauci remarks on risks to reopening schools, economy unacceptable	U.S. President Donald Trump on Wednesday described as not acceptable a warning given by top U.S. infectious disease expert Anthony Fauci this week about the dangers of reopening the economy and schools too quickly. "To me it's not an acceptable answer, especially when it comes to schools," Trump told reporters at the White House when asked about Fauci's warnings to senators on Tuesday about the risks of reopening the schools and economy too soon. Fauci, who directs the National Institute of Allergy and Infectious Diseases, also warned that a premature lifting of lockdowns could lead to additional outbreaks of the deadly coronavirus, which has killed more than 82,000 people in the United States and brought the economy to its knees. Trump, in contrast, said on Wednesday the only thing that would be acceptable would be professors or teachers "over a certain age" not holding classes. "I think they ought to take it easy for another few weeks," he added. The president, who previously made the strength of the economy central to his pitch for re-election in November, has encouraged states to reopen businesses and schools that were shuttered to halt the spread of the highly contagious respiratory disease. Fauci, 79, a proponent of the lockdowns, has become a target for criticism from the American far right and online conspiracy theorists since he made statements about the outbreak that were at odds with Trump's. In April, Trump retweeted a call to fire Fauci, after the doctor said lives could have been saved if the country had shut down sooner, spurring speculation his days in the administration could be numbered. "Anthony is a good person, a very good person, I've disagreed with him," Trump said in an interview earlier on Wednesday with Fox Business Network's "Mornings with Maria," repeating his refrain that the country must reopen. **Read More ...** **Go to top**
China to allow imports of barley, blueberries from U.S.	China will allow imports of barley and blueberries from the United States, according to notices on its customs website. Imports that meet the relevant requirements will be allowed effective Thursday, according to the notices. The move comes after China agreed in January to boost its imports of U.S. agricultural products by an additional $32 billion over two years as part of a Phase 1 deal that marked an easing in trade tensions between the two countries. It also comes ahead of China's decision in an antidumping probe on barley imports from its top supplier Australia. Australian grain producers said last week that they have been informed by China that it could impose tariffs of more than 80% on the grain. The United States has only exported around 100,000 tonnes of barley a year in recent years, compared with several million tonnes exported by Australia. **Read More ...** **Go to top**
Japan's Abe aims to compile	Japanese Prime Minister Shinzo Abe said on Thursday he will aim to pass a

second supplementary budget: Kyodo	second supplementary budget at the current parliament session to fund steps for combating the fallout from the coronavirus pandemic, Kyodo news agency reported. Abe made the remark at a meeting with ruling party lawmakers, according to Kyodo. **Read More …** **Go to top**
U.S. Warns That Chinese Hackers Are Targeting Virus Research	Hackers working for the Chinese government are trying to steal valuable research on coronavirus vaccines and treatments from U.S. health care, pharmaceutical and research organizations, the FBI and the Department of Homeland Security warned Wednesday. "China's efforts to target these sectors pose a significant threat to our nation's response to Covid-19," the Federal Bureau of Investigation and DHS's Cybersecurity Infrastructure Security Agency said in a joint statement. "The potential theft of this information jeopardizes the delivery of secure, effective and efficient treatment options," the agencies said. The announcement represents an escalation in U.S. efforts to combat Chinese espionage and cyber-attacks. It comes as President Donald Trump attempts to blame the Chinese government for not doing more to prevent the global spread of the coronavirus, which has killed more than 80,000 people in the U.S. and ravaged the economy. **Read More …** **Go to top**
IEA Sees Oil Market Improving Amid Sharp Drop in Production	The outlook for global oil markets has "improved somewhat," with demand a little stronger than expected and supply reined in by a brutal price crash, the International Energy Agency said. World oil production is on track for a "historic decline" this month to the lowest level in nine years, the IEA said in a monthly report. OPEC and its partners are slashing output, while others like the U.S. are forced to scale back drilling. "It is on the supply side where market forces have demonstrated their power and shown that the pain of lower prices affects all producers," said the Paris-based agency, which advises major economies. "We are seeing massive cuts in output from countries outside the OPEC+ agreement and faster than expected." Pain Hits All Producers IEA sees big supply losses compared with the fourth quarter of 2019 It's a stark shift in tone from last month, dubbed "Black April" by the agency's chief, when the IEA warned that cutbacks by OPEC+ probably weren't enough to prevent the world's storage tanks being overwhelmed by the middle of the year. Demand Shock The oil market is still in a very difficult position. International crude prices have collapsed by more than 50% since the start of the year as the coronavirus lockdowns ground flights, empty roads and shutter businesses. Yet the current price of about $30 a barrel in London is $10 above April's lows. "The picture is still very bleak for the industry," IEA Executive Director Fatih Birol said on Twitter. "The heaviest demand destruction may be behind us, but huge uncertainties remain." **Read More …** **Go to top**
Kuroda Hints Cutting Rates May Now Rank Lower in BOJ Toolkit	A change in the way Bank of Japan Governor Haruhiko Kuroda talks about the possibility of cutting the bank's negative interest rate may suggest the option is now further down on the list of his favored tools. Speaking earlier this week to Japanese lawmakers, Kuroda listed off the bank's policy options—and negative rates came last. He did the same again Thursday, just hours after Federal Reserve Chairman Jerome Powell pushed back on speculation the Fed might be considering negative rates. "There are various options including the expansion of quantitative easing and

	increasing methods of market operations and lowering interest rates," Kuroda said in answer to a question after Thursday's webcast speech on the BOJ's pandemic response. That phrasing, which the governor also used at a press conference after the BOJ's April policy meeting, is a departure from the language he'd been using in the latter half of last year. The change may reflect shifting priorities. Kuroda had been saying that policy options included cutting rates, lowering the 10-year bond yield target, and expanded asset purchases--in that order. That was consistent with the language of the 2016 statement announcing the BOJ's current policy framework. Most analysts see the BOJ as reluctant to cut its negative rate unless the yen strengthens excessively because doing so would further hurt Japan's lenders, whose profitability has suffered under prolonged low rates. "What is most important in terms of economic measures is to protect employment, businesses, and people's livelihoods until the spread almost subsides," he said in the speech. **Read More ...** **Go to top**
ECB Says Bundesbank Is in Contact With Berlin Amid Court Crisis	The Bundesbank is talking to German authorities amid a stand-off over a controversial court ruling that questions the European Central Bank's bond-buying program, ECB Executive Board member Fabio Panetta said. In an interview with Austrian newspaper Der Standard published Thursday, Panetta reiterated that the ECB is under the jurisdiction of the European Court of Justice, which already ruled in 2018 that the central bank acted within its mandate by launching asset purchases. "The German Federal Constitutional Court's ruling is addressed to the German Federal Government and the Bundestag," Panetta told the newspaper. "And the Deutsche Bundesbank is in close contact with them." A Bundesbank spokesman declined to comment. This comments are the strongest signal yet that the ECB doesn't intend to engage directly with the German court's request to explain why quantitative easing has been proportionate to the euro area's economic challenges -- instead relying on German institutions to take the lead. If the issue isn't resolved in the next three months, the court will bar the Bundesbank from participating in the program. **Read More ...** **Go to top**
Why Gulf Dollar Pegs Are Strained by Oil and Virus: QuickTake	Although the decades-old currency pegs of the Gulf Arab region often come under strain in depressed oil markets, they always have survived. This time, however, energy prices are at historic lows and the coronavirus outbreak has unleashed recessions that are squeezing government budgets like never before. With some of the Gulf currencies under pressure from speculators, are the pegs facing their sternest test? 1. How are the pegs under pressure? As Saudi Arabia embarked on an oil-price war in March by boosting crude production, traders were betting through the derivatives market that the region's currencies would weaken within a year. Such a scenario is possible only if countries abandon their currency pegs. Fixed exchange-rate regimes in Asia were swept away during the currency crisis of the late 1990s, when speculators forced the likes of Thailand and South Korea to abandon their links with the dollar. Currency pegs are now largely confined to the major oil producers in the Middle East which appear unwilling to let them go. 2. Who has pegs and why? The six members of the Gulf Cooperation Council -- Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates -- have been running currency pegs or managed foreign-exchange regimes since the early 1970s. Kuwait pegs the dinar to a basket of currencies believed to be dominated by the U.S. dollar, while the others are linked solely to the greenback. With oil and gas priced in dollars, the pegs have helped shield the countries from the

volatility of energy markets and allowed central banks to accumulate foreign-currency reserves in the good times. Indeed, the robustness of pegs relates in large part to the size of countries' foreign-exchange reserves and foreign assets held by their sovereign wealth funds.

3. Why the concern now?

Most of the Gulf countries remain heavily reliant on hydrocarbons to pay the bills -- Saudi Arabia gets around two-thirds of its revenue from oil and Kuwait about 90% -- so the slump in prices has put the region's economies under huge stress. As the price of Brent crude crashed by more than half in March, Saudi Arabia, the largest oil exporter, depleted the central bank's foreign-exchange reserves by $27 billion that month, a decline of more than 5%.

4. Have we been here before?

The system has survived stern tests, including successive years of low oil prices in the 1990s, a period of dollar weakness before the financial crisis in 2008 and another oil-price crash in 2014. Speculators jumped in then to challenge the Saudi peg, with 12-month forwards -- which investors use to bet on the peg breaking or to hedge in case it does -- climbing to an all-time high of 3.85 per dollar in 2016. (The peg is 3.75.) Instead of choosing to devalue the riyal, the kingdom cut spending and subsidies and turned to debt markets to fund its budget deficit. Its neighbors have adopted similar strategies.

5. How have those strategies fared?

Progress in diversifying revenue away from oil has been mixed as have attempts to rein in spending. Government debt as a share of gross domestic product has jumped across the region since 2014. Saudi Arabia will run its seventh consecutive budget shortfall this year and the U.A.E. is on course for a record deficit, the International Monetary Fund estimates. It all points to the need for drastic economic measures to combat the twin punch of low oil prices and global recession. The Saudis in May announced a trebling of VAT and lowered state allowances.

If History is a Guide

6. Which pegs appear most vulnerable to speculators?

Saudi Arabia, the U.A.E., Kuwait and Qatar all have the firepower in the form of sizable currency reserves to defend their pegs. The Saudi Arabian Monetary Authority said in May its foreign-exchange reserves cover 43 months of imports, as it reaffirmed its commitment to maintaining the peg. The most vulnerable appear to be Oman and Bahrain, given their precarious public finances and strained reserves. Bahrain requires an oil price of $95.6 a barrel to balance its budget, while Oman needs $86.8, the highest in the GCC, according to the IMF. Bahrain at least has the cushion of a $10 billion bailout package from its wealthier neighbors.

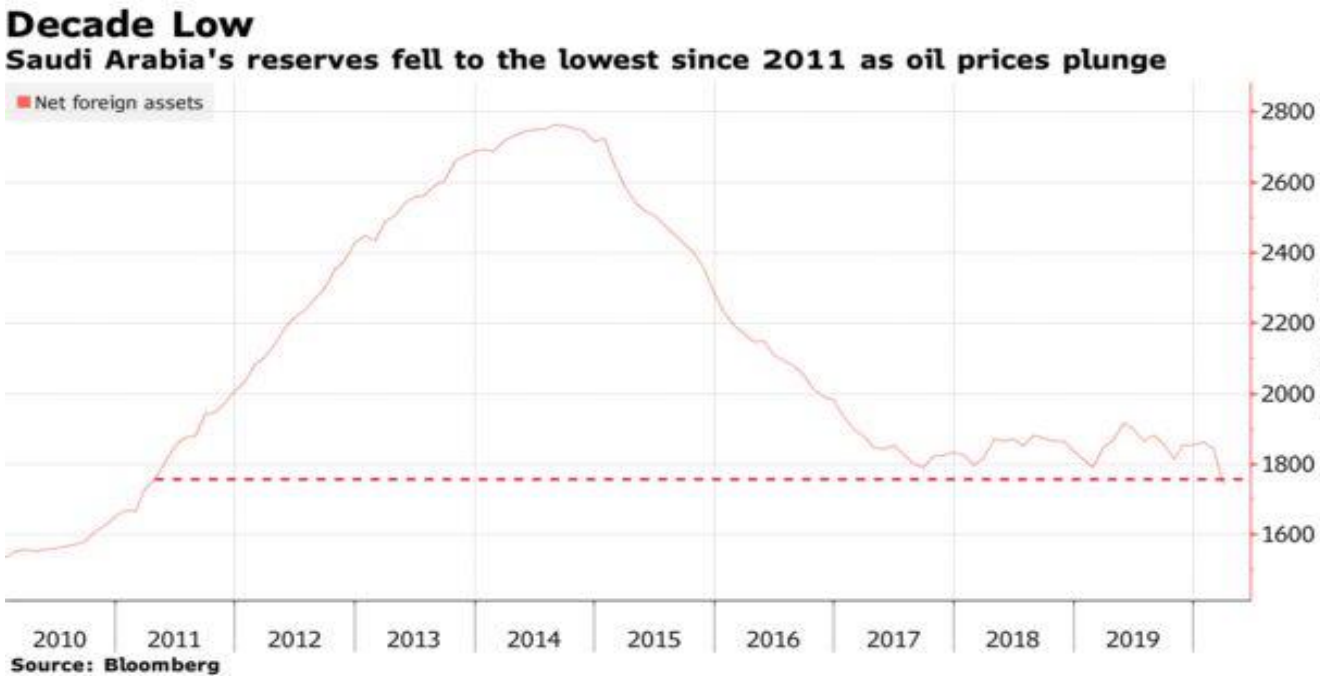
7. So Oman is the weak link?

Possibly. It lacks a backstop credit line from its regional allies and may also pay the political price of having resisted taking sides in regional disputes or supporting Saudi Arabia's foreign policies. As the largest non-OPEC oil producer in the Middle East, Oman faces a seventh straight year of budget deficit, with this year's set to widen to 17.5% of GDP from 9.7% in 2019, according to S&P Global Ratings. In its favor? The fear of a domino effect should the first peg in the region go. S&P said it expects other GCC nations to come to Oman's rescue should significant external liquidity pressures threaten its peg because any contagion effect could hurt the region.

8. What's so bad about a broken peg?

As well as spurring speculators to challenge other pegs, any devaluation would raise the risk of inflation taking grip through higher import costs, reducing people's purchasing power and eroding real incomes. It would also lower the value of local savings and may prompt capital outflows as citizens move their money overseas to safeguard its value. Given that dollar-priced oil and gas remain the dominant exports, the region's economies would be unlikely to

	gain much from weaker currencies. Options for countries post-peg include moving to a managed floating exchange rate or -- for those tied to the dollar -- to a peg against a basket of multiple currencies, as Kuwait did in 2007. Read More … Go to top



Israel to Swear in Cabinet Led by Indicted Netanyahu	Israel is to swear in a government on Thursday after a bruising election cycle, restoring what may be only a veneer of stability after more than a year of political dysfunction. Prime Minister Benjamin Netanyahu, 70, maintained his grip on power as the scheduled May 24 start date of his corruption trial approaches, and will rule for the next 18 months under a power-sharing deal with former military chief Benny Gantz. He clinched another stint in office after the nation's highest court last week rejected a petition claiming he was unfit to govern because of the criminal charges arrayed against him. On Wednesday, Netanyahu won enough support to put together a majority government after reaching coalition agreements with ultraOrthodox lawmakers. The small Labor and Gesher parties had already agreed to become junior partners in a government that will be the largest in Israeli history. The Netanyahu-Gantz alliance was a partnership forged in crisis. It was with the declared purpose of averting a fourth election and focusing on the country's coronavirus outbreak that the two men put aside their differences after fighting to a draw in three inconclusive elections. But the deep distrust between them has colored their power-sharing agreement, which threatens to breed policy paralysis because of the many protections each of them demanded. The accord gives their camps equal weight in cabinet and parliamentary committees, and Netanyahu and Gantz must agree on the legislative agenda. Netanyahu will retain prime ministerial privileges, including an official residence, throughout the entire tenure of the two-headed government. Read More … Go to top
Egypt's $10 Billion Funding Gap	Egypt's funding needs will probably prove decisive for the central bank, ensuring a longer pause in interest rates after a record cut in March. The focus at the moment is on bridging a financing gap that's estimated at

May Stall Rate Cuts for Now

about $10 billion in 2020 by EFG Hermes and Goldman Sachs Group Inc. Elevated rates are an advantage at a time many emerging nations are looking to stave off outflows amid the global pandemic.

A pickup in inflation last month is all the more reason for the Monetary Policy Committee to maintain its key deposit rate at 9.25% on Thursday, as predicted by 11 of 14 economists surveyed by Bloomberg. The rest see a cut of 50 basis points to a full percentage point.

"We don't expect the central bank will act on rates before covering the country's funding gap, unless there is a serious deterioration in the economic outlook in light of Covid-19," said Mohamed Abu Basha, head of macroeconomic research at Cairo-based investment bank EFG Hermes. "They need to keep an eye on the still sizable positions in the carry trade."

Caution by the central bank can help guard against a global selloff after Egypt already saw its biggest-ever capital outflows of about $17 billion in the past two months. While the economy is in distress after restrictions imposed to contain the virus outbreak, policy makers have said that a 300 basis-point rate cut at an emergency meeting in March provided "appropriate support" to domestic activity, a decision they followed with a hold in April.

Egypt's finances are under strain as some of the country's main sources of foreign currency, such as tourism, remittances and Suez Canal receipts, come under pressure from disruptions in trade and travel. The North African nation this week received $2.8 billion from the International Monetary Fund under its emergency instrument. It's now seeking more than $5 billion from the lender under a stand-by arrangement as well as $4 billion from other institutions, an official told Bloomberg.

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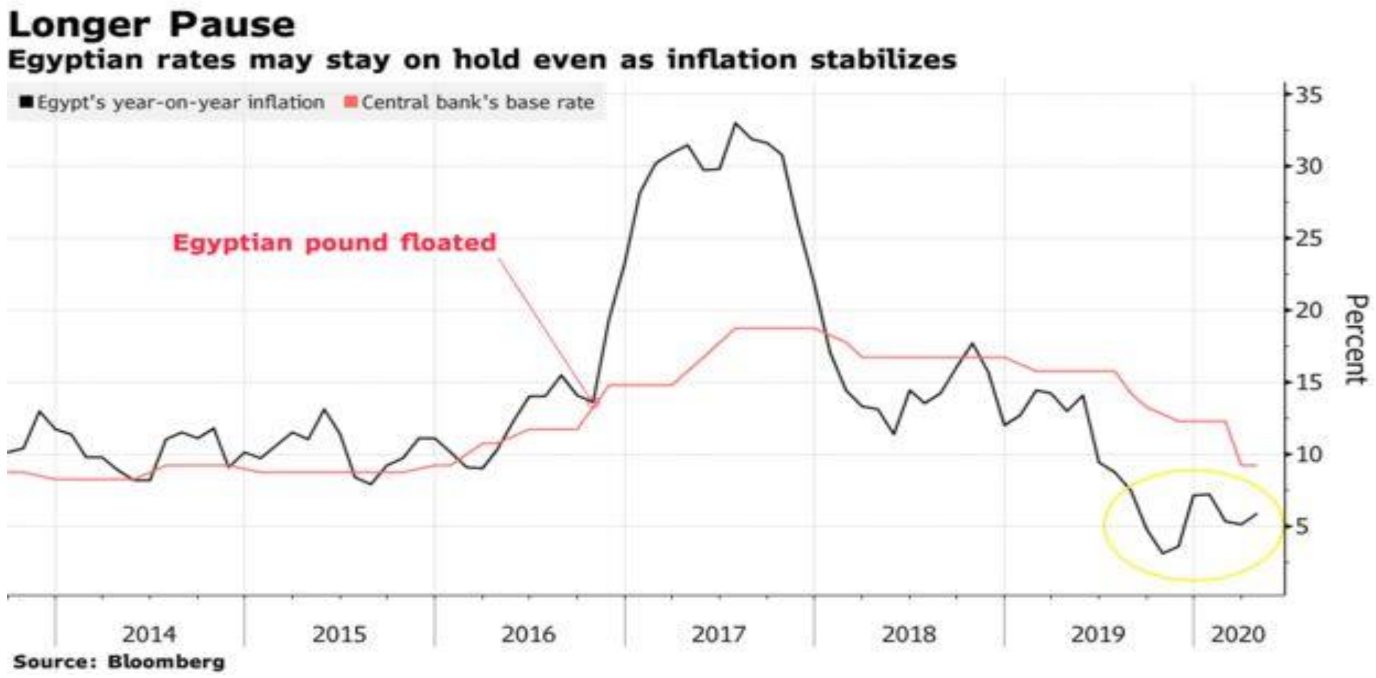
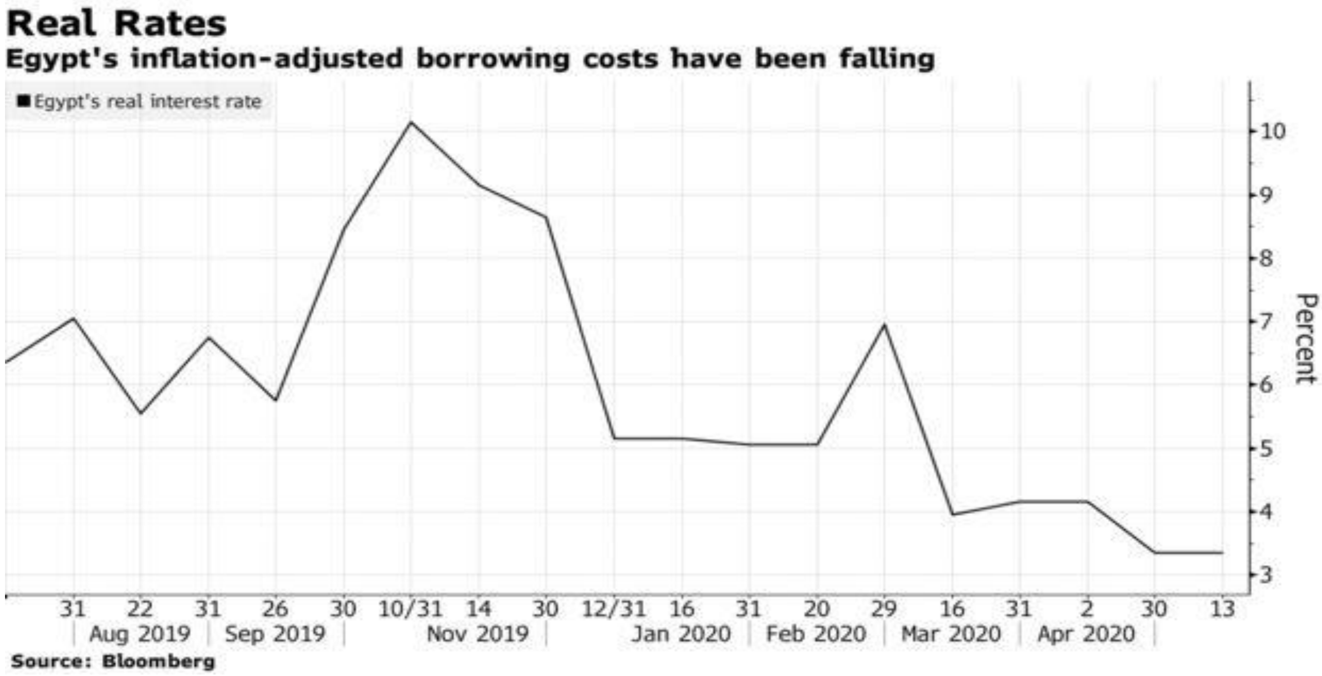
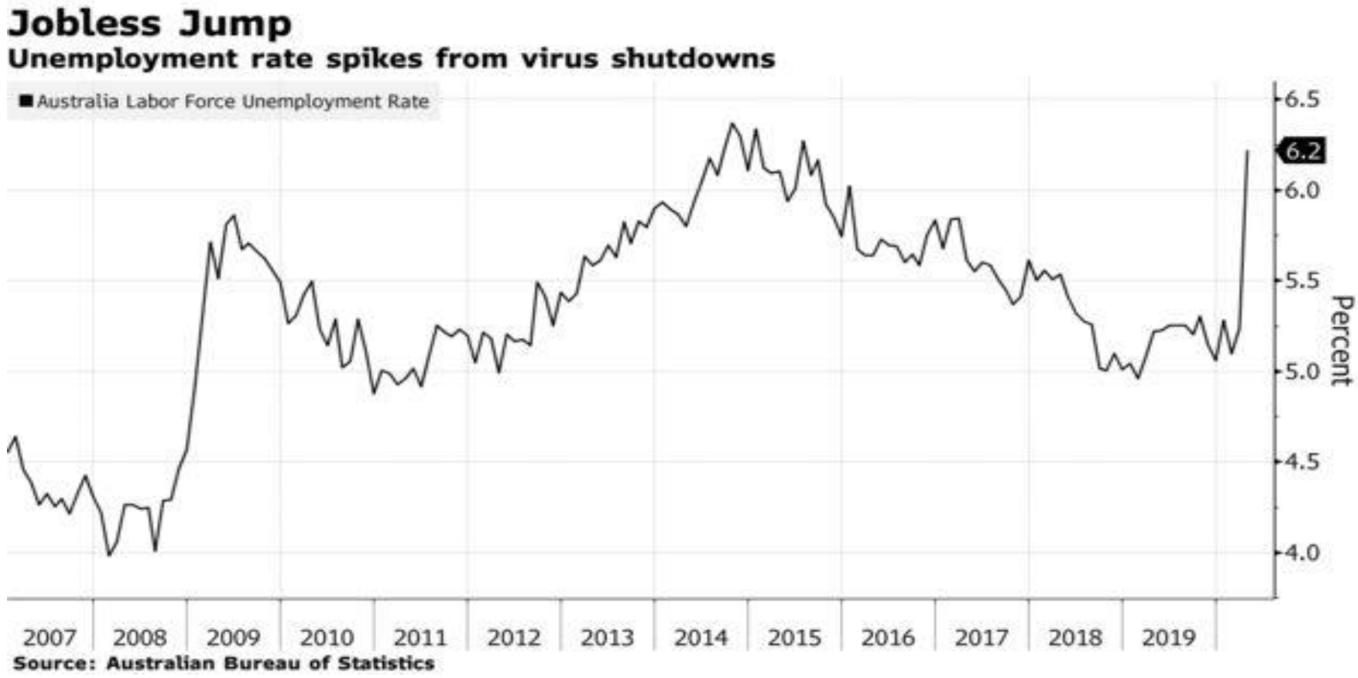




Australia Employment Slumps by Record 594,300	Australian employers slashed their workforces by the most on record last month amid a government lockdown to stem the spread of the coronavirus, sending the currency lower. Employment slumped by 594,300 in April, exceeding the drop of 575,000 forecast by economists, data from the statistics bureau showed in Sydney Thursday. Unemployment rose just 1 percentage point to 6.2%, well below the estimated 8.2%, contained by a plunge in labor-force participation. The employment collapse comes as companies ranging from Australia's two major airlines to casinos and department stores furloughed or stood down tens of thousands of workers. The Reserve Bank of Australia predicts the economy will contract 10% from peak-to-trough this year and expects unemployment to surge to around 10% by June. Governor Philip Lowe says hours worked will be a key metric to gauge the hit, as the government's JobKeeper initiative that keeps workers attached to employers during the shutdown, and an expected fall in participation, limit some of the increase in the unemployment rate. Treasurer Josh Frydenberg said shortly after the release that the JobKeeper program is providing support to 6 million workers. **Read More …** **Go to top**



Fed's Daly sees slow coronavirus recovery, need for more support

It will likely take more than just a few months before the millions of Americans who have lost their jobs on fallout from the coronavirus pandemic will be able to get back to work, San Francisco Federal Reserve Bank President Mary Daly said on Wednesday.

With states reopening in phases, that "by definition translates to a slow recovery as we put toes in the water, see if the virus flares up when we go back to some economic activity," she said in an interview on the SiriusXm program "Wharton." "If it doesn't, we can gain some momentum, people will be more confident; but if it does then people are going to be more cautious and that will slow the recovery even further.

The San Francisco Bay Area, where Daly lives, was the first U.S. region to impose stay-at-home orders in mid-March. In recent weeks most states, including most of California, have begun to allow businesses to phase in some reopenings, hoping to bring back to work some of the more than 30 million Americans who have filed for unemployment insurance benefits over the last two months.

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US meat exports surge as industry struggles to meet demand

U.S. meat exports are surging even as the industry is struggling to meet domestic demand because of coronavirus outbreaks at processing plants that have sickened hundreds of workers and caused companies to scramble to improve conditions.

Although the situation could cause concern that American workers are risking their health to meet foreign demand, experts say it shouldn't because much of the meat sold to other countries is cuts that Americans generally don't eat. And at least one of the four major processors says it has reduced exports during the pandemic.

If companies manage to keep their workers healthy and plants operating, there should be plenty of supply to satisfy domestic and foreign markets, according to industry officials.

"I really feel like the industry is well positioned to serve all of its customers both here and abroad," said Joe Schuele, a spokesman for the industry trade group U.S. Meat Export Federation.

Meat exports, particularly pork exports to China, grew significantly throughout the first three months of the year. This was partly due to several new trade agreements that were completed before the coronavirus outbreak led to the temporary closure of dozens of U.S. meatpacking plants in April and May and to increased absenteeism at many plants that reduced their output.

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Is Silver Going DOWN To $7 Or UP To +$700? 18 Different Points Of View

A great deal has been written about the supposed impending surge in the price of silver while a few other analysts have taken the exact opposite point of view maintaining that silver is going considerably lower in price per troy ounce. What will it be – $7/ozt. or +$700/ozt.? Below are highlights from articles written over the past few months outlining the rationale for such divergent views.

1. **Silver Headed Below $10!**

According to **Kelsey Williams**: "Silver, primarily an industrial commodity, is going to come under extreme pressure because of the slowdown in economic activity [as a result of the COVID-19 pandemic and is **likely] headed straight for familiar territory below $10 per ounce, where it could stay for several years… Indeed, it might [even] go below $5 per [troy] ounce**, though, and last for decades if the economy were to enter a depression (not recession)." Continue reading...

2. **Silver Could Drop to $7 In Coming Recession! Here's Why**

Gold Bug says: "The economy of China is slowing and U.S GDP growth figures are constantly being revised downward and this does not bode well for silver, because **demand for commodities depends on economic growth and if growth falters silver could fall to as low as $7/ozt.**, a level we would have previously found unimaginable." Continue reading…

3. **How Does Silver Perform During (and after) A Recession? You'll Be VERY Surprised!**

Kelsey Williams: "Silver is primarily an industrial metal, and industrial production slows during recessions. Indeed, every recession (a total of 7) in the past fifty years has seen declines in the price of silver varying from 20% to as much as 70% and **in 5 of the 7 previous recessions, silver's price continued to decline after the recession had ended.**" Continue reading…

4. **History Says: "Gold & Silver Will Go Much Higher After This Stock Market Crash"**

Jeff Clark says: "Gold and silver can crash in sudden market shocks but those shocks… eventually result in much higher prices. In other words, **once the initial shock wears off and forced margin sales ease up, investors rush into gold and silver and push up their prices**…This occurs during periods of both inflation and deflation although gold and silver both tend to do better in inflation." Continue reading…

5. **What's Caused the Current Massive Spike In Gold/Silver Ratio?**

According to **Simon Black**: "The price of gold has gone up significantly…since the start of this crisis but the price of silver has declined leading to the current record-high gold/silver ratio…The ratio may stay elevated for a while, or even go higher but, [if history is any guide] the ratio has always returned to more traditional levels, always, even when the world was facing Adolf Hitler or the Great Depression, so it stands to reason that, **if they keep printing money…and the [gold/silver] ratio eventually returns to its historical range, the price of silver could really skyrocket**…" Continue reading…

6. **Silver Is A "Must Own" – Here's Why**

Jordan Roy-Byrne: "We find $20 on a monthly closing basis to be the most significant resistance for silver and a monthly close above $20 (the 2016 high) could kick start a good run for silver. Silver has often rebounded nearly 100% within 12-15 months after bad and long bear markets and, since silver follows gold, **a breakout in gold could be a huge catalyst for silver to test and break resistance at $20/ozt. If that happens, silver would be on its way to another, typical substantial rebound.** It has happened before and we expect it will happen again." Continue reading…

7. **Silver: What's Going To Push It Higher – and When?**
Jeff Clark: "In the throes of a stock market crash, a decline in the silver price is historically normal behavior, even though it's usually less than the S&P 500. In addition, silver usually falls in recessions (it has fallen in 5 of the last 7 recessions). However, **based on the massive amount of currency abuse underway and the inflation that is likely to result, we can expect a dramatic rise in the price of silver** as history has shown that the biggest rises in silver prices have occurred during inflationary environments." Continue reading…
8. **Bull Run In Silver Could Take It Above $160/ozt – Here's Why**
Nick Giambruno says: "**Once the dollar starts to lose its value in earnest…people will panic into precious metals just like they did in the '70s and '80s**, but likely on a much bigger scale today and much of that money will make its way into the tiny silver market (roughly 1/10th the size of the gold market). **This will cause the price to spike above $160 a troy ounce.** It's a predictable pattern. Bottom line, the stars are aligned for a silver price spike for the record books and now is the perfect time to get in." Continue reading…
9. **Silver Prices: How High Will They Go? $100? $300? $500?**
Gary Christenson: "Silver prices for the next decade are dependent upon many unknowns but **a 'more of the same' financial world suggests silver prices will rise toward $100 in the next 5 – 7 years**. A more aggressive chart interpretation shows prices for silver rallying toward $200 – $300 per troy ounce. Indeed, **if the powers-that-be create or can't stop hyper-inflation of the dollar, $500 silver will look inexpensive by the end of the…decade.**" Continue reading…
10. **Silver Breakout To $22.50-$24.00 Coming In Next 2-4 Months – Then Quickly To +$85/ozt!**
Chris Vermeulen: "We believe silver will soon see a price high near $22.50 to $24.00…after which it will immediately move up to well above $85 per [troy] ounce. **Ultimately, we estimate it will likely top somewhere between $90 and $550.**" Continue reading…

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Prospect of Negative Rates Could Hurt U.S. Dollar's Safe Haven Status

The U.S. dollar has been a steady performer during the turbulent times of the pandemic, serving as a safe haven for investors amid the uncertainty. However, as yields continue to head south, this could threaten the dollar's status as a safe haven asset.
This could be the case should the U.S. follow other nations into negative rate territory.
"The dollar's edge over the competition is that it is a tried and tested hedge in times of crisis," a South China Morning Post article said. "It has a well-proven track record as a global medium of exchange with impeccable reserve asset status. Investors' ability to get in and out of the dollar quickly and easily is beyond doubt."
"What might be the game-changer in the coming months is the risk that the Fed, faced with a dramatic collapse in US growth, may be forced to give the green light for US interest rates to follow Europe and Japan into negative territory," the article added.
In the meantime, investors looking to bet on further dollar strength can look to exchange-traded fund (ETF) exposure via funds like the WisdomTree Bloomberg U.S. Dollar Bullish Fund (NYSEArca: USDU). UUP tracks the price movement of the U.S. dollar against a basket of currencies, including the euro, Japanese yen, British pound, Canadian dollar, Swedish krona, and Swiss franc.
On the other hand, the actively managed USDU tracks the USD against a broader basket of developed and emerging market currencies, including China, India, South Korea, Switzerland, Australia, Mexico, the United Kingdom, Canada, Japan, and Europe.

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Hear's Why the Lithium ETF Still

Some materials ETFs are taking their lumps this year, but the long-term case

Matters	for the Global X Lithium & Battery Tech ETF (NYSEArca: LIT) remains compelling, particularly as demand for components for electric vehicle batteries increases. LIT, which is nearly nine years old, tracks the Solactive Global Lithium Index. The underlying index is designed to measure broad-based equity market performance of global companies involved in the lithium industry. As a thematic ETF, LIT has a growth feel, but some of its growth components are now offering attractive value. "Production of battery metals such as graphite, lithium, and cobalt will have to increase by nearly 500% by 2050 to meet the growing demand for clean energy technologies With the popularity of electric vehicles spurring demand for automobile offerings from carmakers like Tesla, the lithium industry has taken a new turn. More uses will be found for lithium as the move to energy dependence from fossil fuels continues to increase demand for efficiency. Still, lithium miners have faced some struggles. World Bank research "confirms the premise of a first report, published in 2017, which warned that the more ambitious climate targets become, the more minerals and metals will be needed," according to Mining.com. Global automotive industry observers believe electric vehicles will reach comparable price points to traditional internal combustion engine vehicles sometime in the next several years, making it more compelling for drivers to make the switch to electric vehicles. With their own supply and demand issues, based on the variety of clients, it's essential to understand the differences. That said, the variety in related funds also puts on the display the illustration of choice. The expanding reach of ETFs means individual investors are looking at sectors that may be on good growth trajectories. The World Bank "warns of the disruptions covid-19 is causing in global markets and that developing countries that rely on minerals are missing out on essential fiscal revenues," according to Mining.com. "As their economies begin to reopen, the bank noted, they will need to strengthen their commitment to climate-smart mining principles to mitigate negative impacts." **Read More …** **Go to top**
A Slow Economic Recovery Could Continue Boosting Gold Prices	As the capital markets prepare themselves for a post-coronavirus world, traders are betting on a slow recovery, which could continue to boost gold prices for some time. Also, the prospect of negative interest rates is feeding into a weaker dollar. "It appears a safe-haven bid has returned to the precious metals amid changing marketplace notions regarding the pace of economic healing after the Covid-19 pandemic has subsided," said Jim Wyckoff, senior analyst at Kitco.com, in a daily commentary. "Traders and investors are assessing the markets ramifications of a very possible 'second wave' of the Covid-19 pandemic as major global economies start to reopen their businesses and transportation infrastructure," Wykoff added. There is a growing sentiment that economic recoveries, which had been factored into current market prices though solid rallies in many global stock indexes, will be "slower than initially expected." Investors looking to get gold exposure can look at funds like **SPDR Gold Shares (NYSEArca: GLD)** and the **SPDR Gold MiniShares (NYSEArca: GLDM)**. Precious metals like gold offer investors an alternative to diversify their holdings, and like other commodities, gold will march to the beat of its own drum compared to the broader market. **Read More …** **Go to top**
Corporate Bond ETFs on Fed's List	Tuesday marked the beginning of the Federal Reserve's corporate bond buying program, designed to help shore up the bond market amid the credit

of Purchase Priorities	uncertainty brought on by the coronavirus pandemic. The list includes corporate bond exchange-traded funds (ETFs). “The central bank will kick off its Secondary Market Corporate Credit Facility, which is part of a history-making initiative in which it will purchase exchange-traded funds that track the corporate debt market. Asset management giant BlackRock will be running the operation under the New York Fed’s supervision,” a recent CNBC report noted. “In particular, the facility will buy up ETFs that hold so-called fallen angel bonds of companies that formerly had been classified as investment grade but have been downgraded to speculative or junk, particularly in cases where those downgrades happened due to the coronavirus crisis.” Bond Options for ETF Investors As the Fed’s bond buying continues to play out, low rates have high yield bond seekers looking for ways to earn a higher-than-average return on debt, which they may find in the **VanEck Vectors Fallen Angel High Yield Bond ETF (BATS: ANGL)**. ANGL seeks to replicate as closely as possible the price and yield performance of the ICE BofAML US Fallen Angel High Yield Index. The index is comprised of below investment grade corporate bonds denominated in U.S. dollars that were rated investment grade at the time of issuance. ANGL essentially focuses on debt that has fallen out of investment-grade favor and is now repurposed for high yield returns with the downgraded-to-junk status. If investors aren’t willing to assume the risk of high yield debt issues, there are also investment grade options to consider. ETFs in this category include the **iShares Intermediate Credit Bond ETF (NASDAQ: CIU)**, **iShares iBoxx $ Investment Grade Corp Bd ETF (NYSEArca: LQD)** and **Vanguard Interm-Term Corp Bd ETF (NASDAQ: VCIT)**. **Read More …** **Go to top**
Global funds invest more in China as coronavirus spreads to the rest of the world	Market dislocations triggered by the coronavirus crisis have sent more capital into Chinese stocks — and some strategists see this as part of a longer-term trend. “We’re finding that a lot of foreign managers globally (are) reshuffling their holdings in this turmoil,” Todd Willits, head of flow tracking firm EPFR, said in a phone interview in late April. “Allocations to China are something people are looking to increase.” As U.S. stocks plunged to three-year lows in March, allocation to Chinese stocks among more than 800 funds reached nearly a quarter of their nearly $2 trillion in assets under management, according to fund flow data from EPFR. That’s up from about 20% a year ago, and roughly 17% six years ago. The data covers funds that breaks down holdings into nine categories of stocks listed in mainland China, Hong Kong, Taiwan, the U.S. and Singapore. EPFR data showed dedicated China equity funds have seen outflows in recent weeks since many of the funds have sold in order to meet redemptions, or customer requests for cash. However, in an indication that the outflows are temporary, EPFR said funds invested across several regions are maintaining their allocations to China at the expense of other markets, as a way to meet overall investment return goals. For investment funds that are focused on global emerging market stocks, the average allocation to China is 34%, while that for funds invested in Asian stocks excluding Japan, the China allocation is 38%. To limit risks from U.S.-China tensions on New York-listed Chinese stocks, Morgan Stanley strategists said in a May 6 report they prefer mainland Chinese A-shares to their U.S.-listed counterparts in their overall recommendation for investors to buy Chinese equities. A-shares are yuan-denominated shares of Chinese firms that are listed in mainland exchanges in Shanghai and Shenzhen. Foreign investment in mainland Chinese stocks remains a tiny fraction of the entire market capitalization, partly due to restrictions on access. But A-shares are gradually becoming part of global investment portfolios, particularly after

	indexing company MSCI announced in 2018 that the mainland Chinese stocks would become part of its benchmark emerging markets index. Well over $1 trillion in assets track that MSCI stock index. For Justin Leverenz, a team leader and senior portfolio manager for an emerging market equity team at Invesco in New York, the Chinese stock market represents the next new opportunity given local innovations in health care and technology, and the coronavirus' relatively greater hit to other major economies. **Read More …** **Go to top**
Goldman Sachs says a second wave of coronavirus could make the Fed rethink negative interest rates	Another "big setback" in the U.S. economy could prompt the Federal Reserve to consider cutting interest rates into negative territory — but such a monetary policy wouldn't be "very helpful," a Goldman Sachs strategist said on Thursday. Fed Chairman Jerome Powell on Wednesday reiterated that the central bank is not considering negative interest rates at this point, even as other central banks — such as the Bank of England — appeared to be opened to the idea. When asked what could change the Fed's mind on negative interest rates, Zach Pandl, Goldman Sachs' co-head of global foreign exchange, rates and emerging markets strategy, raised the possibility of a second wave of coronavirus cases that could derail the upcoming economic recovery that many analysts and investors have expected. "If the economy has another big setback ... where you have a second wave of infections and it would really take the recovery off course, then I do think that that opens up a possibility of a range of additional actions," he told CNBC's "Street Signs Asia." However, "even in that scenario, I think fiscal policy would be the first step. I don't think that cutting rates to negative territory would potentially be very helpful even in that environment," he said. "But who knows, policymakers are going to want to try new things if the economy is really struggling for a period of time," he added. "So in that scenario, perhaps they can consider it, otherwise I think it's pretty low probability at this point." Pandl didn't elaborate on why negative interest rates wouldn't be helpful. But many analysts have long doubted the effectiveness of such a policy, citing the experience of some European countries and Japan which have struggled to grow their economies even after adopting negative rates for years. Strength in US dollar won't last The U.S. dollar index — which measures the greenback against a basket of major currencies — climbed after Powell ruled out going to negative rates. The U.S. dollar has stayed strong in recent weeks as investors seek safer assets to park their money in after the coronavirus pandemic dampened economic prospects globally. But as the global economy recovers in the coming years, such strength in the currency would fade, said Pandl. He explained that the greenback is estimated to be overvalued by around 20%, which means a decline — when it eventually comes — could be "quite substantial." "Interest rates in the U.S. have been the main factor keeping the dollar well supported over the last few years and that source of support is now gone, U.S. rates are now much closer to the low levels that we've seen in the rest of the world," he added. **Read More …** **Go to top**
Beijing urges France to cancel contract to sell arms to Taiwan	China has called on France to cancel a weapons contract with Taiwan, warning that the deal with the self-ruled island could harm diplomatic relations between Beijing and Paris. "We stand against foreign arms sales to Taiwan or having military and security exchanges with the island, and this stance is consistent and clear," Zhao Lijian, a spokesman for the Chinese foreign ministry, said. "China has expressed grave concerns to France. We once again urge France to

	abide by the one-China principle, cancel its plan to sell arms to Taiwan, and avoid damaging Sino-French relations.” The one-China principle is a policy advocated by Beijing stating that there is only one sovereign state under the name of China and both the Chinese mainland and Taiwan – whose official name remains the Republic of China – belong to one country. Taiwan’s French-built La Fayette frigates are to receive an upgrade. Photo: HandoutChina has called on France to cancel a weapons contract with Taiwan, warning that the deal with the self-ruled island could harm diplomatic relations between Beijing and Paris. “We stand against foreign arms sales to Taiwan or having military and security exchanges with the island, and this stance is consistent and clear,” Zhao Lijian, a spokesman for the Chinese foreign ministry, said. “China has expressed grave concerns to France. We once again urge France to abide by the one-China principle, cancel its plan to sell arms to Taiwan, and avoid damaging Sino-French relations.” The one-China principle is a policy advocated by Beijing stating that there is only one sovereign state under the name of China and both the Chinese mainland and Taiwan – whose official name remains the Republic of China – belong to one country. China urges US to cancel arms sale to Taiwan According to Taiwan’s Ministry of National Defence, the island plans to upgrade the missile interference systems of the six French-built La Fayette frigates it bought about 30 years ago, which plunged ties between China and France to a historic low. The defence ministry said it had earmarked US$27.8 million for the acquisition of Dagaie Mk 2 decoy launcher upgrade kits and ammunition from France. Beijing’s protest over the planned sale is among the latest moves by China to contain the island’s international space. **Read More …** **Go to top**
China considers retaliation for US coronavirus lawsuits, Global Times says	China is considering its response to US moves to seek damages over the coronavirus pandemic. Beijing is considering taking retaliatory action against specific American states and politicians seeking damages from China over the coronavirus pandemic, according to Chinese state media. Anonymous sources quoted by hawkish tabloid Global Times on Thursday said punitive measures could be taken against individuals such as Missouri attorney general Eric Schmitt, who filed a lawsuit in Aprilagainst the Chinese government and Chinese Communist Party for the “enormous death, suffering and economic losses they inflicted on the world”. The report also singled out Missouri senator Josh Hawley, Arkansas senator Tom Cotton and Texas congressman Dan Crenshaw – all Republicans – for introducing legislation that would allow Americans to sue the Chinese government for damages caused by the disease. “We must resolutely crack down on those politicians who, for no reason, undermine China-US ties for their own political benefits,” Yuan Zheng, a research fellow at the Chinese Academy of Social Sciences, was quoted as saying. “For those who promote anti-China legislation, we need to find out what the business ties are between those officials or their families with China. We can’t just strike back symbolically, but impose countermeasures that could make them feel the pain.” Chinese foreign ministry spokesman Zhao Lijian – who suggested on Twitter in March that the US military had brought the coronavirus to Wuhan– slammed the US on Thursday for shifting responsibility to China, but stopped short of saying if Beijing would retaliate. **Read More …** **Go to top**

Brazil's rescue plan for airlines shrinks further to $680 million: sources	Brazilian state development bank BNDES on Wednesday proposed a rescue package worth 4 billion reais ($680 million) for the nation's airlines, less than half the amount initially anticipated, sources with knowledge of the matter said. The plan, which first centered around a 10 billion reais credit line, has shrunk in value over time as private lenders balked at extending bigger loans and because the airlines were reluctant to accept larger share dilution, they added. Under the current scheme, Gol Linhas Aereas Inteligentes SA (GOLL4.SA) and Azul SA (AZUL.N) are due to receive 2 billion reais each. It is unclear if a deal will be reached with LATAM Airlines Group (LTM.SN), although it has also been offered up to 2 billion reais. The airlines have been forced to ground most of their fleet due to the coronavirus pandemic. BNDES will provide up to 60% of the amount, while private banks will contribute around 10%, with the remainder expected to come from capital markets investors, the sources said, adding that the plan could still change. The plan provides 5-year bonds which will have a one-year grace period for the repayment of interest as well as instruments which can be converted in equity. BNDES, banks and investors in the rescue plan will gain a total return of up to Brazil's interbank benchmark rate plus 14% per year, the sources said, declining to be identified as the discussions were private. Azul said it had received a revised proposal on potential aid is currently reviewing it. Gol, LATAM and BNDES declined to comment. **Read More …** **Go to top**
Brazil passes France in coronavirus cases to become 6th worst-hit country	Brazil registered a record number of new cases of the novel coronavirus on Wednesday, surpassing France's tally to become the sixth-worst hit country, as the disease sends the economy toward its worst year since at least 1900. The government confirmed 11,385 new cases in the last 24 hours, bringing its total count to 188,974 cases of the coronavirus since the outbreak began. Early on Wednesday, France revised its total number of confirmed and suspected cases down 0.3% to 177,700. The pandemic has battered Brazil's economy as residents shelter at home and many state and local governments instructed most businesses to close to slow the spread of the virus. Brazilian President Jair Bolsonaro has locked horns with state governors for weeks over the lockdowns, saying they are causing more damage through lost jobs than the disease itself. On Wednesday, the economy ministry predicted the Brazilian economy would contract 4.7% in 2020, the biggest annual fall since records began more than a century ago. The ministry estimates every additional week of quarantine measures costs the economy 20 billion reais ($3.40 billion). "It will reach the point where hungry people take to the streets," Bolsonaro said on Wednesday. He escalated the fight this week by declaring gyms and beauty salons as "essential" services that can open for business, threatening legal action against local governments that don't comply. **Read More …** **Go to top**
Brazil govt cuts 2020 GDP forecast to -4.7%, the biggest fall since 1900	Brazil's government lowered its 2020 economic outlook on Wednesday, forecasting a gross domestic product contraction of 4.7%, which would signal the country's biggest economic crash in more than a century. The new forecast, based on the expected economic damage from the coronavirus pandemic and related quarantine measures, is sharply lower than its previous estimate of zero growth and more in line with other public and private sector forecasts. According to economic policy secretary Adolfo Sachsida, -4.7% would be the biggest annual fall since records began in 1900.

	"The disruption to production and consumption will have a profound impact on GDP growth in 2020," the Economy Ministry said in a presentation. "A substantial part of GDP lost during isolation will not be recovered, leading to a substantial drop in GDP in 2020." The economy will only return to its pre-crisis levels of December last year by 2022, the ministry said, a slower recovery than that suggested by Economy Minister Paulo Guedes. The government's revised 2020 outlook is slightly gloomier than the current consensus from the central bank's weekly "FOCUS" survey of economists, which is pointing to a GDP contraction this year of 4.1%. But several investment banks have cut their 2020 outlooks in recent days, with BofA Securities on Wednesday issuing one of the gloomiest projections of all, revising its GDP call to -7.7% from -3.5%. The Economy Ministry laid out a range of scenarios of how severe the coronavirus impact on activity could be this year, depending on how long the health crisis persists. The best case scenario was a range of 0.9% growth to a 2.0% fall in 2020 GDP followed by a strong rebound next year, assuming the health crisis is limited to the second quarter. The worst was a GDP decline of 5% or more if the crisis extends into the second half of this year, followed by a weak recovery in 2021. Special secretary to the ministry Waldery Rodrigues said the government will update its 2020 debt and deficit forecasts on Friday. The primary deficit, not including interest payments, is likely to be more than 7% of GDP, possibly 8%, he said. **Read More …** **Go to top**
China's US barley, blueberry move focused on trade war deal, unrelated to coronavirus backlash against Australia	China's moves to permit further agricultural imports from the United States are viewed as being a step towards meeting the nation's phase one trade deal commitments, although their role in the ongoing saga with Australian barley and beef exports remains unclear, analysts said. China on Thursday said it would immediately allow imports of barley and fresh blueberries from the US, according to notices posted on China's customs website, just days after it announced plans to impose a tariff on the grain while also blocking beef exports from Australia. "The US barley imports is mainly due to the trade deal," said Rosa Wang, a Shanghai-based analyst at agricultural data provider JCI China. "To meet the targets, it is necessary for US farm products to enter China. It indicates that China is making an effort … but the Australian side is a separate matter." Even under normal circumstance China will allow imports of barley and blueberries from the US from Thursday, making it easier to meet commitments of the phase one trade deal. China's moves to permit further agricultural imports from the United States are viewed as being a step towards meeting the nation's phase one trade deal commitments, although their role in the ongoing saga with Australian barley and beef exports remains unclear, analysts said. China on Thursday said it would immediately allow imports of barley and fresh blueberries from the US, according to notices posted on China's customs website, just days after it announced plans to impose a tariff on the grain while also blocking beef exports from Australia. **Read More …** **Go to top**
Hong Kong legislature passes HK$627 billion budget	Hong Kong's legislature on Thursday passed the administration's HK$627 billion (US$80.9 billion) budget containing cash handouts, tax breaks and a raft of subsidies to provide relief during the coronavirus pandemic, but the bill was backed solely by the pro-establishment bloc. As the three-week debate over the bill came to an end, opposition lawmakers continued to level criticism at the police, which they accuse of using excessive

	force when handling anti-government protests. They also said the funding boost for the disciplined service branch was a line in the sand. Beijing-friendly lawmakers, meanwhile, called on the government to distribute cash handouts more quickly while slamming the rival camp for trying to trigger a "constitutional crisis" with talk of vetoing the budget. The bill passed with 42 lawmakers voting yes and 23 voting no. Medical sector lawmaker Dr Pierre Chan was the sole abstention. Under the budget unveiled by Financial Secretary Paul Chan Mo-po, which contained a HK$120 billion relief package, each adult permanent resident will receive HK$10,000 – at a total cost to the government of HK$71.1 billion. Speaking after the budget was passed, Chan said the preparation for cash handouts had been going "full speed", and the government was aiming to open applications by the end of June and distribute the money between July and August. **Read More …** **Go to top**
Brazil's Bolsonaro says he may release tape in police probe	Brazil's President Jair Bolsonaro on Wednesday said he is considering releasing a video that sources say shows him explaining that he needs a friendly police chief in Rio de Janeiro to shield his family from investigations. The details of the video surfaced on Tuesday and marked the latest political storm for Bolsonaro, a right-wing populist who has been widely criticized abroad for his handling of the coronavirus crisis. Domestically, he is dealing with a more typical political crisis set off by the resignation last month of his former justice minister, Sergio Moro, who accused Bolsonaro of improper meddling in law enforcement. The video is a recording of a cabinet meeting on April 22 in which, according to a source familiar with its contents, Bolsonaro said he wanted to change the federal police chief in Rio because his family was being persecuted there. "If it's up to me, I'll release it," Bolsonaro told reporters on Wednesday. Bolsonaro said he never uttered the words "federal police" and "investigation" in the taped meeting, but that he did talk about the need for better security for his sons in Rio. **Read More …** **Go to top**
House Democrats float $3 trillion coronavirus bill, Republicans reject it	Democrats in the U.S. House of Representatives on Tuesday unveiled a $3 trillion-plus coronavirus relief package with funding for states, businesses, food support and families, only to see the measure flatly rejected by Senate Republicans. The new legislation, which would more than double Congress' financial response to the crisis, includes nearly $1 trillion in long-sought assistance for state and local governments that are bearing the brunt of a pandemic that has infected 1,359,000 in the United States and killed at least 80,600. It also includes $75 billion for testing people for the novel coronavirus, direct payments of up to $6,000 per U.S. household, $10 billion in emergency grants for small business and $25 billion for the U.S. Postal Service. The bill would also extend enhanced federal unemployment payments through next January. The House is due to meet at 9 a.m. (1300 GMT) on Friday for expected votes on the legislation and on a rules change allowing members to vote by proxy during the pandemic. But Congress appears to be heading for a legislative stand-off over rival partisan demands, including a Republican push to protect businesses from lawsuits related to the novel coronavirus and the COVID-19 disease that it causes. "It's dead on arrival here," Republican Senator Lindsey Graham said of the House bill. Republicans say they want to hold off on new coronavirus relief legislation to assess the impact of nearly $3 trillion in response assistance that Congress has allocated since early March, as states move to reopen a shuttered U.S. economy. Tens of millions of people have lost jobs.

	White House economic adviser Larry Kudlow told Fox News Channel in an interview that the Democratic proposal contrasted with President Donald Trump's "pro-growth tax and deregulation program." "We should provide growth incentives and not go through various wish lists which ... have been submitted before and failed," Kudlow said. **Read More ...** **Go to top**
Iran dismisses U.S. threat to trigger return of U.N. sanctions	Iran's Foreign Minister on Thursday dismissed as "foolish claims" U.S. threats to trigger a return of all United Nations sanctions if the U.N. Security Council does not extend an arms embargo on Tehran, state media reported. The U.S. special envoy for Iran, Brian Hook, on Wednesday publicly confirmed the strategy two weeks after an official, speaking on condition of anonymity, said that Washington had notified Britain, France and Germany of its plan. The U.N. embargo is due to expire in October under a 2015 Iran nuclear deal that U.S. President Donald Trump quit in 2018. Washington argues it can trigger a return of U.N. sanctions because a 2015 Security Council resolution enshrining the deal still names the United States as a participant. "Foolish claims by US officials is nothing new," Foreign Minister Mohammad Zarif told reporters. "It is no surprise to hear such things from people who recommend drinking disinfectants to ward off the coronavirus - to contend they are still a party to the agreement after officially leaving it," said Zarif. **Read More ...** **Go to top**
Coronavirus pandemic will cost global insurers $203 billion: Lloyd's	The deadly coronavirus pandemic will cost the global insurance industry about $203 billion, the Lloyd's of London market forecast on Thursday. Lloyd's itself expects to pay out up to $4.3 billion on coronavirus claims, putting the global health crisis on a par with the September 11, 2001 terror attacks, it added in a statement. "The estimated 2020 underwriting losses covered by the industry as a result of COVID-19 are approximately $107 billion, on par with some of the biggest major claims years for the industry," it said in a statement. "In addition, unlike other events, the industry will also experience falls in investment portfolios of an estimated $96 billion, bringing the total projected loss to the insurance industry to $203 billion." Lloyd's itself will take a vast hit from the pandemic, which has so far killed almost 300,000 people and infected some 4.3 million worldwide. "Lloyd's... today revealed that it will pay out in the range of $3.0 billion to $4.3 billion to its global customers as a result of the far-reaching impacts of COVID-19," it added in the statement. "This is on a par with 9/11 in 2001 and the combined impact of hurricanes Harvey, Irma and Maria in 2017, all of which led to similar payouts by the Lloyd's market. "These losses could rise further if the current lockdown continues into another quarter. "Lloyd's believes that once the scale and complexity of the social and economic impact of COVID-19 is fully understood, the overall cost to the global insurance non-life industry is likely to be far in excess of those historical events." Lloyd's paid out a total of $4.7 billion for claims arising from the 9/11 terror attacks, while combined payouts for hurricanes Harvey, Irma and Maria stood at $4.8 billion in 2017. Lloyd's of London Chief Executive John Neal added on Thursday that COVID-19 would have a "unique" impact on the sector due to its "devastating" economic, human and social cost. "The global insurance industry is paying out on a very wide range of policies to support businesses and people affected by COVID-19," Neal said. "The Lloyd's market alone is currently expected to pay claims amounting to some $4.3bn, making it one of the market's largest payouts ever.

"What makes COVID-19 unique is the not just the devastating continuing human and social impact, but also the economic shock.
"Taking all those factors together will challenge the industry as never before, but we will keep focused on supporting our customers and continuing to pay claims over the weeks and months ahead."

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Turkey 'faces high bar over US Fed funding'	Turkey's foreign cash needs are unlikely to be relieved by the US Federal Reserve given its economic challenges and volatile diplomatic relations with Washington, the New York Fed's former chief said. William Dudley, who from 2009-2018 was vice chair of the US central bank's policy-making committee and ran its New York branch that oversees foreign funding, said "there is definitely a significant reluctance" to expanding the dollar swap lines. Ankara is facing a cash crunch of depleted foreign reserves and relatively high debt obligations, and has appealed directly to Washington for a Fed dollar swap line. It is also discussing funding with other central banks. Dudley said that while some geopolitical friction between Ankara and Washington could pose a hurdle, a strong endorsement from US President Donald Trump could influence the Fed's decision whether to extend funding to Turkey. "I would be very surprised if the Fed did it unilaterally," Dudley said by telephone. "It seems the reasons the swaps are needed in Turkey do not fit into the Fed's stated goals. It's also hard to imagine that the Fed would run out swaps to a country that is having some bumpy relations with the US," he added. "Never say never, but the bar is pretty high to extending these swaps." The comments could dampen Turkey's hopes of securing funding from the Fed, which did not include Turkey when in March it expanded dollar lines to Brazil, New Zealand, South Korea and others in response to the coronavirus pandemic. The Turkish lira tumbled to a historic low against the dollar last week and is down more than 15 percent this year as investors fretted over the cash crunch and a severe economic slump due to pandemic containment measures. Net foreign currency reserves at Turkey's central bank have fallen to around $28 billion from $40 billion so far this year, reaching as low as $25 billion three weeks ago. The country's short-term foreign obligations are around $170 billion. Swap lines — in which the Fed accepts other currencies in exchange for dollars — are meant to support big foreign dollar markets and any facility would be conditional in part on counterparty risk. The US central bank has not commented on Turkey's request. Asked last week about extending swaps to Turkey or others in need, a current Fed policymaker said lines are already in place with countries that have a relationship of "mutual trust" and high credit standards. Dudley, who played a role selecting the Fed's original swaps recipients ahead of the 2008 financial crisis, said however the central bank could reconsider a facility especially if the White House lobbied on Turkey's behalf. "You could imagine the Trump Administration weighing in in a forceful way that would affect the Fed's thinking," he said, adding foreign funding remains controversial in Washington. "The Fed doesn't want to pick winners and losers and effectively choose who is following an appropriate set of economic policies. It's really for that country and the IMF to decide how to support foreign investor confidence," said Dudley. Ankara's relations with NATO ally Washington have been bruised by disputes over human rights, Western sanctions on Iran and Turkey's purchase of Russian S-400 missile defenses for which it faces potential US sanctions. **Read More …**

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Egypt in talks with IMF for second tranche of financial support — official	Egypt is in talks with the International Monetary Fund for a second bundle of financial support after receiving nearly $2.8 billion in emergency financing, the central bank deputy governor said on Wednesday. Asked about a Bloomberg News report that Egypt would seek a further $5 billion from the IMF and $4 billion from other sources for a total of $9 billion, Rami Aboul Naga told Al Arabiya news channel that the number was close to that figure. Egypt said on Tuesday that it had received $2.77 billion through an IMF Rapid Financing Instrument designed to help close a gap in its balance of payments as the new coronavirus outbreak takes its toll on the economy. It is seeking a further tranche of loans under an IMF Stand-By Arrangement. The pandemic has brought tourism in Egypt to a standstill, triggered major capital flight, and threatened remittances from Egyptian workers based abroad. Egypt's foreign reserves dropped to $37 billion at the end of April from more than $45.5 billion two months earlier. According to Aboul Naga, the country currently has enough reserves to cover seven months' worth of imports. Read More ... Go to top
Turkish, Israeli officials thought to be in secret talks as Erdogan eyes Med gas deal	Officials from Israel and Turkey are thought to be in secret talks aimed at reaching a deal on maritime borders and exclusive economic zones in the eastern Mediterranean. A similar agreement last November between Turkish President Recep Tayyip Erdogan and the UN-recognized Libyan government in Tripoli created uproar in Greece and Cyprus, who complained that it allowed Turkey to drill illegally for gas in their territorial waters. Israel condemned that deal as illegal, but said at the time that they "won't be sending battleships to confront Turkey." However, any new agreement between Israel and Turkey could also affect Cyprus's maritime borders and exclusive economic zones, and conflict with existing agreements between Israel and Cyprus, especially in terms of oil and gas exploration. Aydin Sezer, a geopolitical analyst in Ankara, said such a deal would be politically and legally difficult. "Israel and Cyprus are part of maritime agreements that are fully in line with the internationally recognized maritime law as reflected in the UN Convention on the Law of the Sea," he told Arab News. "If Israel entered into such an agreement with Turkey, it would have to annul these previous deals." Read More ... Go to top
To survive the next few months, you only need two assets, says this money manager	We offer a very simple, scalable strategy that involves the S&P 500 ETFs SPY, -1.76% and cash," being in one or the other, Thomas H. Kee Jr., President and Chief Executive of Stock Traders Daily and portfolio manager at Equity Logic, told MarketWatch in an interview. Kee argues that a complicated and cumbersome portfolio, like some of the more popular ones with 20 or 30 stocks to keep track of, makes it tough to manage risk in a timely manner. "The ease of use of simplifying a portfolio so that it just tracks the market or goes to cash allows it to protect itself quickly, and that's essential when markets conditions are like they are today," Kee said, referring to Wednesday when a big market drop saw him initially move to cash, but later switch to buying the S&P 500 due the depth of that fall. Kee believes we are in a three-phase "greater depression era," with the first coming when stocks and Main Street crashed in March. "The second stage is when the stock market is disconnecting with Main Street and that's what we're in now," he said. This period, which he expects to last for months, involves a wave of "fake

money” coming from central bank stimulus, which will keep markets rising even if there are “swift and harsh declines” along the way. In this phase, investors need to “stay broad based and ride the wave until the music stops,” said Kee, whose models are predicting a 95% chance of new Nasdaq highs and 50% for the S&P by year-end.
That brings us to the dark final stage, likely at the start of next year, when Fed stimulus policies end, debt levels get “ridiculous,” and the solvency of the Fed gets questioned, potentially a big problem the financial industry and stocks, he said.
Stage three is usually “fast and harsh and brutal,” he said. And he has a bit of advice for 401(k) players when that last stage rolls around — move to cash. But ride the market out in the meantime.

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Congress Debates Push to End Surprise Medical Billing

Negotiations on Capitol Hill over the next package of coronavirus economic relief have revived discussions about ending surprise medical billing, an effort to bolster patient protections that has sparked heavy spending by opponents who warn of damage to the health-care system.
Surprise billing typically occurs when a patient is treated at a hospital that is in their insurance network by a medical professional who isn’t, potentially leading to crippling medical charges. The push to end surprise billing pits patient advocates and health-insurance providers, who back the effort, against hospital and medical groups who say it amounts to government rate-setting that would jeopardize the finances of some hospitals and mean out-of-network doctors earn less money.
Lawmakers and the administration have already ensured that anyone without insurance getting treated for Covid-19, the disease caused by the new coronavirus, can’t get stuck with an unexpected medical bill—and advocates say that protection should be expanded to cover patients with any medical issue. But the pandemic’s effect on hospitals, especially rural hospitals that have halted the elective procedures that bring in much of their revenue, adds a complication to the debate, according to congressional aides. Moving to end surprise medical billing could cost hospitals more money just as they are already struggling.
The top Republicans and Democrats on the Senate health committee and House Energy and Commerce panel have been pushing for almost a year to end surprise medical billing. They reached a rare, high-level bipartisan agreement in December, backed by President Trump, to end the surprise bills and include a new system in which insurers would pay at least an agreed-upon rate for services, and independent arbitration would settle billing disputes.
But its supporters—chief among them the Senate health committee’s chairman, Sen. Lamar Alexander—weren’t able to include it in a must-pass spending measure at year’s end, leaving its fate uncertain. Mr. Alexander, a Tennessee Republican, is retiring at the end of this year and has made ending surprise medical billing one of his final goals.
Lawmakers discussed including broader protections against surprise medical bills in previous coronavirus-aid bills and are resuming those talks, according to lawmakers and aides. Congress decided to make coronavirus testing free for patients, and administrative guidance makes clear that health-care providers receiving federal emergency aid can’t spring surprise bills on uninsured Covid-19 patients.

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Over 2.9 Million Workers Applied for Unemployment Benefits Last Week

More than 2.9 million workers applied for unemployment benefits last week, with 36.5 million total applications in two months of the coronavirus impact.
Two months into disruptions from the coronavirus pandemic, millions of U.S. workers continue to apply for unemployment benefits each week.
The number of Americans seeking jobless aid is still at historically high levels but has subsided since an initial surge in layoffs drove claims up to a weekly

peak of nearly 7 million at the end March.
"The numbers are very high, but they're stepping down every week, and I see no reason why that decline in filings wouldn't continue," Keith Hall, chief economist for the Council of Economic Advisers under former President George W. Bush said ahead of Thursday's report. "Employers are likely poised to bring people back, but right now we're in a holding pattern."

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U.S. Budget Deficit Widened to $1.935 Trillion in 12 Months Through April

The budget deficit soared to a record $1.935 trillion in the 12 months through April as the U.S. ramped up spending and cut taxes to counter the economic slowdown and revenue dropped, a Treasury Department report showed on Tuesday.

The annual deficit was almost double the $1.037 trillion budget gap for the year through March. Spending rose to $5.2 trillion, while revenues fell to $3.265 trillion.

Spending climbed to $979.71 billion in April, a monthly record, as government aid to businesses and households hit by the coronavirus pandemic started to kick in. By comparison, monthly spending averaged $384 billion in the previous year. At the same time, revenue plunged to $241.86 billion, down 55% from April 2019. That left a deficit of $737.85 billion for the month.

While tax deadlines normally make April the government's peak month for revenue, the Internal Revenue Service this year allowed taxpayers to defer payments until mid-July to keep money in the hands of consumers and businesses struggling to pay bills.

The federal budget deficit has begun a rapid expansion that the Congressional Budget Office projects will leave it at $3.7 trillion by the Sept. 30 end of the fiscal year. In the 12 months through April, the gap stood at $1.935 trillion, Tuesday's data showed.

The Treasury official estimated that measures taken to counter the economic damage from the coronavirus reduced revenue in April by nearly $300 billion and increased spending by close to $600 billion. Much of the revenue decline from delayed tax-filing deadlines should be reversed in coming months, the official noted.

As a share of the economy, the deficit had been widening even before the pandemic struck. The Tax Cuts and Jobs Act signed into law by President Trump in 2017 led to sluggish growth in tax revenues, while Congress has repeatedly signed off on spending increases in recent years.

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Trump says strong U.S. dollar is 'great': Fox Business Network

U.S. President Donald Trump on Thursday said he supported a strong dollar, as the U.S. dollar index extended its gains one day after Federal Reserve Chair Jerome Powell rejected the idea of using negative interest rates despite Trump's vocal support.

"It's a great time to have a strong dollar ... Everybody wants to be in the dollar because we kept it strong. I kept it strong," he said in an interview on Fox Business Network.

The dollar index on Thursday extended its gains, rising 0.3% to a three-week high of 100.47.

On Wednesday the head of the U.S. central bank, in a closely watched speech, offered a sobering assessment of the U.S. economy in the wake of the novel coronavirus pandemic that has battered global markets.

"There is a sense, growing sense I think, that the recovery may come more slowly than we would like," Powell said, making a direct appeal for Congress to do more to address the crisis. At the same time, he said negative interest rates are "not something that we are considering."

Trump on Thursday told the television network that he "could live both ways" regarding the dollar's strength, but said he supported it for now.

"From a trade standpoint, it's tougher. But from a country standpoint and an inflation standpoint - you don't have inflation, you don't have problems," he said. "Right now it's good to have a strong dollar. Right now having a strong dollar is a great thing."

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EU starts legal actions against Luxembourg over money laundering, tax avoidance

The European Commission launched legal actions on Thursday against Luxembourg over laws to prevent money laundering and tax avoidance, it said in a statement.

New EU rules to step up scrutiny of financial assets controlled by politicians and companies' owners were approved in May 2018 in an effort to clamp down on money laundering, but Luxembourg is among EU states that are not yet fully applying them, the Commission said.

In a separate legal action, also launched on Thursday, the EU executive arm urged the Grand Duchy to change a law that allows companies to cut their tax burden beyond what is permitted under EU rules, since it leads to reduced tax revenues in other EU states.

EU legal actions could lead to fines if member states do not apply common legislation.

Luxembourg, a country of 600,000 people, hosts as much foreign direct investment (FDI) as the United States and much more than China, data cited in a International Monetary Fund report last year shows, estimating FDI in the Grand Duchy is worth $4 trillion, a 10th of the global figure.

A large part of that money is parked in shell companies set up by multinationals, with no real business activities in Luxembourg, IMF researches said, adding that favourable tax treatment is one of the main reasons for creating these financial vehicles.

The Commission said Luxembourg's rules allowed firms "unlimited deductibility of interest" from tax bills, which is not in line with EU rules. A similar legal action was launched on Thursday against the government of Portugal.

On money laundering, Luxembourg is accused of not having adopted new EU rules which became operational this year in the 27-nation bloc. More than half of the EU member states face similar legal challenges.

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Bank of England not considering taking rates below zero: Bailey

The Bank of England is not considering taking "the very big step" of pushing interest rates below zero, Governor Andrew Bailey said on Thursday although he declined to rule it out altogether.

"It's always wise, and particularly in these circumstances, not to rule anything out for ever," Bailey said during a webinar organised by the Financial Times. "It is not something we are currently planning for or contemplating."

Central banks elsewhere in Europe and in Japan have tried negative interest rates with mixed results. The idea is to discourage banks from holding excess cash and to encourage lending, boosting business investment and consumer spending.

Bailey said taking rates below zero in Britain would require "an extensive communications exercise" because it would not simply represent a normal move lower in interest rates.

"I think from a communications point of view, and therefore from a reaction and expectations point of view, it is a very big step," Bailey said, reiterating the BoE's long-standing view that negative rates would cause banks problems.

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China's Leverage Ratio Increased Substantially in Q1, Says PBOC

China's overall leverage ratio increased substantially in the first quarter as Beijing eased monetary policy to restart the economy amid the coronavirus pandemic, the nation's central bank said.

The People's Bank of China said in a statement late Tuesday that the government has prioritized supporting economic growth in the first quarter, adding that growth recovery could help stabilize the overall leverage ratio. The central bank said the leverage rebound would be temporary and has helped businesses to reopen in the wake of the coronavirus outbreak.

China has managed to stabilize its leverage ratio since 2017 and reduced the ratio in 2018 when total debt accounted for 249% of the country's gross domestic product, according to data from the PBOC. The ratio rose 5.7 percentage points in 2019, the PBOC said, without giving details on the first-quarter debt level.

Soured loans at China's banking system increased by CNY198.6 billion to CNY2.61 trillion at the end of March, accounting for 1.91% of total loans, data from the banking regulator showed Tuesday. The bad-loan ratio was the highest in more than a decade.

Meanwhile, China's State Council said Tuesday that it would move to expand domestic demand, accelerate the launching of major infrastructure projects and boost private investment. It also called for increased consumer spending and asked financial institutions to provide more support to businesses and individuals.

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Kenyan Banks Hoarding Cash to Cover Faltering Loans

Kenyan banks are expected to hoard cash as they report a jump in first-quarter loan-loss provisions to cope with the aftermath of the coronavirus pandemic.

Kenyan institutions got a cash boost when the central bank lowered reserve requirements to free up funds for lending, while interest rates have been cut to a nine-year low. Banks have now started restructuring debt for customers hard hit by a drop in business activity because of lockdown-measures aimed at slowing the spread of Covid-19.

"Banks will hold excess cash reserves, so as to cushion themselves from unforeseen shocks," said Martin Kirimi, a senior associate for research at Nairobi-based Standard Investment Bank.

KCB Group Ltd., Kenya's biggest bank by assets, has reorganized 80 billion shillings ($751 million) of loans, primarily by offering a moratorium of about three months on interest and principal to borrowers affected by the pandemic. Standard Chartered Bank Kenya Ltd. has restructured more than 8 billion shillings of loans. Absa Bank Kenya Plc said on April 14 it had rejigged 8.3 billion shillings of debt.

The Nairobi-based unit Standard Bank Group Ltd., Africa's largest lender, kicks off the first-quarter earnings round on Friday, followed by KCB Group Ltd. on May 19.

"We expect a significant increase in loan-loss provisions, skewing the cost of risk upwards," African Alliance said in a note. Write-offs will also jump as "the pandemic accelerates structural shifts in the economy."

Almost two-thirds of lenders operating in East Africa's biggest economy expect the bad loans ratio to rise to 14% from 12.4%, according to a survey released this week by the Kenya Bankers Association, the industry lobby group.

"Banks are adopting defensive strategies; implying that the appetite of growing risk-weighted assets has greatly waned," according to Standard Investment Bank's Kirimi. Lenders are stacking up on term-auction deposits, government securities and the interbank market "to try and buttress the top line."

Safe Haven

Kenyan banks increased their investment in government securities last year

Moody's Investors Service cut its outlook for KCB, Equity Group Holdings

Moody's Investors Service cut its outlook for KCB, Equity Group Holdings Ltd. and Co-operative Bank of Kenya Ltd. to negative from stable this week because their holdings of government debt has now tied them to the fortunes of the sovereign. The ratings company also sees higher risks to their asset quality and profitability over the 12-18 months.

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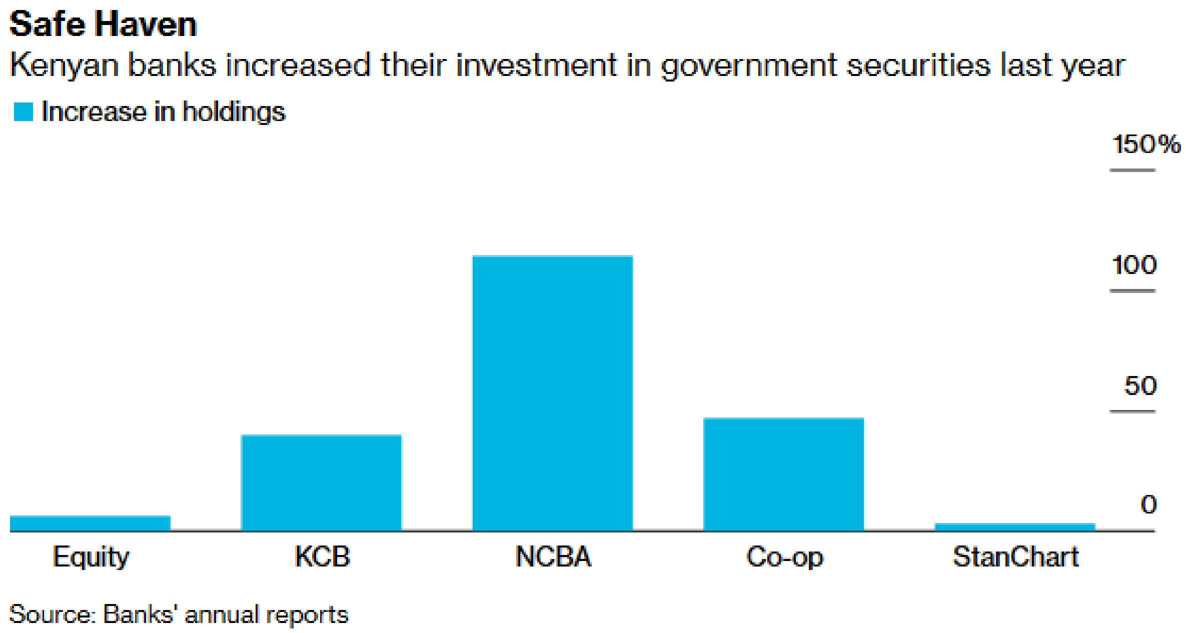

Trump Sees Unemployment Rate Worse Than 10% Until September	President Donald Trump said he doesn't see the U.S. unemployment dropping below 10% by September, two months before Election Day. Trump said in an interview with Fox Business that the economy, which has been crippled by fallout from the coronavirus, "will transition" in the third quarter and that the U.S. is "going to be strong again" next year. U.S. payrolls plunged by 20.5 million in April, pushing the unemployment rate to its highest since just after the Great Depression. The jobless rate -- which was at a 50-year low just a few months ago -- more than tripled to 14.7% from 4.4% a month earlier, according to a Labor Department report last week. Read More ... Go to top
JPMorgan Clocks Busiest Ever Month Managing Europe Bond Deluge	Firm managed 65 billion euros of sales in month to April 21 Italy, Spain and Portugal among nations borrowing via banks The government bond underwriting team at JPMorgan Chase & Co. just saw a record month handling a flood of European issuance as the region seeks to borrow its way out of the pandemic. In the month to April 21 the U.S. bank lead-managed 65 billion euros ($70 billion) in 10 issues, the most ever for a five-week period, according to Keith Price, who heads the firm's primary sovereign, supranational and agency markets. Year-to-date it remains the most-active underwriter of European government bond sales with a market share of almost 13%, according to data compiled by Bloomberg. The bank is riding an unprecedented wave of syndicated sovereign issuance in the region, with 167.65 billion euros of bonds sold so far in 2020 compared with 107.25 billion euros in the whole of the first half of last year. By enlisting investment banks to place securities directly with clients, issuers can target a wider audience -- a bonus for peripheral nations plagued by weak finances that suffered a string of disappointing auctions last month. Italy's 16 billion-euro sale last month drew orders of 110 billion euros. Spain and Portugal also attracted record demand in recent sales managed by banks. Gross debt issuance by euro-area governments will top 1 trillion euros this year, according to JPMorgan research. That's approximately 8-10% of the region's gross domestic product. With the European Central Bank and its ilk deploying trillions to bond-buying

	programs to ensure governments are well-funded through the coronavirus-induced recession, investors look ready to follow where central banks lead them. "Fast actions taken by central banks at the start of this crisis have given the market confidence," Price said in an interview. "We anticipate strong supply to continue." **Read More …** **Go to top**
India to grow at 1.2% in CY20, global GDP to shrink by 3.2%, says UN	The UN slashed India's projected growth rate to 1.2 per cent in 2020 and forecast that the global economy will contract sharply by 3.2 per cent as the Covid-19 pandemic paralyses the world, sharply restricting economic activities, increasing uncertainties and unleashing a recession unseen since the Great Depression of the 1930s. The World Economic Situation and Prospects as of mid-2020 released on Wednesday by the UN said that global gross domestic product is forecast to shrink by 3.2 per cent in 2020, with only a gradual recovery of lost output projected for 2021. "Cumulatively, the world economy is expected to lose nearly $8.5 trillion in output in 2020 and 2021, nearly wiping out the cumulative output gains of the previous four years," it said. India's economic growth is forecast to slow to 1.2 per cent in 2020, a further deterioration from the already slowed growth of 4.1 per cent in 2019. India, which grew at 6.8 per cent in fiscal year 2018, is forecast to recover slightly and clock a 5.5 per cent growth rate in 2021. "The national lockdown in India, for example, is expected to depress economic growth to just 1.2 per cent, much lower than the already disappointing growth in 2019," the report said. **Read More …** **Go to top**
Banks to breathe easy as govt's Rs 3.7 trn package brings relief for MSMEs	The finance minister (FM) has not disappointed businesses this time. That is largely the verdict from market experts and analysts who have given a thumbs up to the Rs 6-trillion relief package announced on Wednesday. With nearly Rs 3.7 trillion targeted at micro, small and medium enterprises (MSMEs), this addresses the growing discomfort banks felt while lending to MSMEs. Not only has credit growth in this segment been on a weak footing, asset quality of these loans, too, has prompted banks to take a cautious stance on the sector. While Wednesday's 4 per cent gains in Nifty Bank index was in anticipation of meaningful relief measures to the MSME sector (announcement came after market hours), Pankaj Pandey, head of research, ICICI Securities, says 100 per cent credit guarantee for standard MSME loans is a welcome move. The anticipation was only 25 per cent credit guarantee, he explains. Though public sector bank (PSB) stocks do not have a wide appeal among investors, Pandey expects them to do well in Thursday's trade as PSBs may gain more from these measures. What could help the banking sector is extending partial credit guarantee (up to 20 per cent of losses) of Rs 45,000 crore for non-banking financial companies (NBFCs) and opening up the special liquidity window of Rs 30,000 crore for investment-grade debt instruments issued by NBFCs. These measures will help the liquidity-starved NBFC sector. **Read More …** **Go to top**
In relief to Leighton India, HC asks DLF to deposit invoked bank guarantees	The Delhi high court has directed DLF Limited to deposit invoked bank guarantees issued by Leighton India Contractors, as part of a business agreement between the two, in a fixed deposit under the name of registrar general of the court. DLF will be required to deposit ₹143.9 crore of the amount invoked as per court directions.

	Leighton India had approached the court to secure its bank guarantees from being encashed by DLF during the pendency of arbitration proceedings arising out of a dispute between the two. The dispute pertains to completion of a residential project The Camellias at DLF City, Phase V, Gurugram. The two companies had signed a contract of approximately ₹1,438 crores as part of the deal to develop the residential project. Leighton, as part of the agreement, had also furnished six bank guarantees, two in lieu of retention money and four performance bank guarantees. **Read More …** **Go to top**
MSME reform announcements seen as high on optics, outreach	The National Democratic Alliance (NDA), which is in power at the Centre, reached out on Wednesday to its core support base with the government announcing a slew of reform measures, targeted at micro, small and medium enterprises (MSMEs) and giving relief to the salaried class to restore demand and increase their purchasing power. The move was high on optics with Prime Minister Narendra Modi, in his address to the nation on Tuesday, stressing on the need to focus on local, while going global, as homegrown enterprises helped India face the covid-19 crisis and the subsequent 50-day nationwide lockdown. Finance minister Nirmala Sitharaman on Wednesday announced an outreach package for MSMEs, broadening their definition, extending investment limits, and clubbing manufacturing and services enterprises under small businesses, besides offering collateral-free automatic loans and equity support to stressed enterprises. **Read More …** **Go to top**
Govt provides additional liquidity boost to NBFCs, HFCs and MFIs	Finance minister Nirmala Sitharaman on Wednesday announced further liquidity support to non-banking financial companies (NBFCs), housing finance companies (HFCs) and microfinance institutions (MFIs) by way of a ₹30,000 crore liquidity scheme and a partial credit guarantee scheme of ₹45,000 crore. These stimulus measures come a day after Prime Minister Narendra Modi announced the Atmanirbhar Bharat Abhiyan package worth ₹20 trillion to kickstart the economy following the covid-19-induced nationwide lockdown. Under the government’s special liquidity scheme, banks will be allowed to invest, through both primary and secondary market transactions, in investment-grade debt papers issued by NBFCs, HFCs and MFIs. These investments, to the extent of ₹30,000 crore, will be fully guaranteed by the government. “This will provide liquidity support for NBFCs, HFC, MFIs and mutual funds and create confidence in the market," Sitharaman said. **Read More …** **Go to top**
With a provision shield on, Kotak Mahindra Bank scouts for borrowers	Kotak Mahindra Bank has covered its entire bad loan stock with provisions and is armed with enough liquidity to lend to worthy borrowers, not wanting to leave anything to chance during a crisis. The bank chose to take a hit on its net profit by setting aside ₹1,047 crore provision, including ₹650 towards specific risks arising out of the covid-19 pandemic. Net profit missed market estimates but investors seem to have largely ignored it. The message from the bank’s chief Uday Kotak was simple: protecting the balance sheet trumps every other priority. Kotak Bank is also bolstering its capital through a share sale of about $1 billion to institutional investors. The bank’s balance sheet is strong with bad loans being just 2.25% of its total loan book. Accounts that had repayments overdue beyond 30 and 60 days totalled just ₹96 crore, much less than its private sector peers who reported larger stocks of stressed accounts. One of the newest indicators of potential stress on the loan book for banks is the extent of moratorium requests they get. After all, an interest holiday though necessary means that borrowers are unable to weather the crisis on

	their own. In that respect, Kotak Mahindra Bank seems better placed than most of its peers. About 26% of its borrowers by value opted for moratorium up to 30 April, the bank said. **Read More …** **Go to top**
SEBI eases minimum public shareholding compliance norms for listed entities	Markets regulator SEBI on Thursday eased compliance rules pertaining to 25 percent minimum public shareholding for listed entities in the wake of coronavirus pandemic. The decision has been taken after receiving requests from listed entities and industry bodies as well as considering the prevailing business and market conditions. In a circular, the Securities and Exchange Board of India (SEBI) said it has decided to grant relaxation from applicability of minimum public shareholding (MPS) requirement. The rules have been relaxed for listed entities for whom the deadline to comply with MPS requirements falls between the period from March 1, 2020 to August 31, 2020. Under SEBI norms, listed entities are required to have at least 25 percent public shareholding. Stock exchanges have been asked to not take any penal action against such entities in case of non-compliance during the said period. Penal actions, if any, initiated by exchanges from March 1, 2020 till date for non-compliance of MPS requirements by such listed entities may be withdrawn, the regulator added. As per the norms, exchanges can impose a fine of up to Rs 10,000 on companies for each day of non-compliance with MPS requirements. Besides, exchanges can intimate depositories to freeze the entire shareholding of the promoter and promoter group. **Read More …** **Go to top**
Government could borrow directly from RBI to finance COVID-19 relief package: CARE Ratings	Apart from market borrowing to finance the Rs 20-lakh-crore economic relief package announced by Prime Minister Narendra Modi on May 12, the government could also look at borrowing directly from the Reserve Bank of India (RBI). "The other option that's legally not permitted today is borrowing directly from the RBI. But they can always change that (the law) and allow it to happen," said Madan Sabnavis, Chief Economist, CARE Ratings. India's central bank hasn't directly bought sovereign debt as a law barred the practice that came into effect in April 2006. "The advantage of borrowing directly from RBI is that it won't upset the market. But at some point, RBI has to download whatever securities it is buying from the government into the market but that'll probably happen over a period of time," Sabnavis said. "It (borrowing) is one of the ways we are also expecting to finance the Rs 20 lakh crore," Sitharaman said during a press briefing. On May 8, the government had announced an increase in the estimated gross market borrowing for FY 2020-21 to Rs 12 lakh crore from Rs 7.80 lakh crore as per Budget Estimates (BE) 2020-21. The government had said the revision in borrowings was necessitated on account of the COVID-19 pandemic. The minister made a host of announcements for the micro, small, and medium enterprises (MSMEs). The minister announced a Rs 50,000-crore equity infusion through fund of funds for MSMEs. MSMEs are facing a severe shortage of capital. The fund of funds will be set up with a corpus of Rs 10,000 crore. **Read More …** **Go to top**
RBI may have to monetise around	The government may have to ask the RBI to monetise around Rs 6.8 lakh crore

Rs 7 lakh crore of stimulus package: Bank of America Securities	of the total economic package announced by Prime Minister Narendra Modi so as to complete the funding under the package, Bank of America Securities (BofA) said in a note on Thursday. On Tuesday, the Prime Minister announced a Rs 20 lakh crore package to mitigate the hardships inflicted by the COVID-19 pandemic. Explaining how BofA expects the government to fund this amount without too badly hurting fiscal balance, its India economists Indranil Sen Gupta and Aastha Gudwani opined that RBI has already funded exactly a quarter (250 basis points) of it through LTROs, TLTROs, the 100 basis points CRR cut, and credit lines. Welfare measures announced include 80 basis points of GDP with a fiscal impact of only 35 basis points (bps) of GDP. The government can go for extra borrowings worth Rs 4.2 lakh crore, which will be 110 basis points of GDP . It can also issue recap bonds to recapitalize its banks or draw from $127 billion from RBI's revaluation reserves. This can work out to be 25-50 bps of GDP, they said. The government can also issue PSU bonds worth 50 bps of GDP. Credit guarantees offered would work out to be 150-200 bps of GDP for bank loans to SMEs, NBFCs etc; and the remaining 270 bps will likely need to be monetised by the RBI. It also noted that the Rs 3 lakh crore package announced for MSMEs, power sector and NBFCs, has only Rs 23,200 crore fiscal impact. They expect the COVID-19 lockdown to be extended till June , and for this reason the economy may contract by 10 bps in 2020-21 as against 1.5 percent growth projected earlier. **Read More …** **Go to top**
Govt releases truncated April WPI inflation data; reports 10.12% deflation in fuel, power basket	The government on Thursday released truncated data for April wholesale price-based inflation saying there was a limited transaction of products in the market due to the outbreak of COVID-19. As per the data released by the Commerce and Industry Ministry, wholesale price index (WPI) deflation in primary articles was 0.79 per cent in April, as against inflation of 3.72 per cent in March. The fuel and power basket saw a deflation of 10.12 per cent in April, against 1.76 per cent deflation in the previous month. "In view of the limited transactions of products in the wholesale market in April 2020 due to the spread of COVID-19, it has been decided to release the price movement of selected sub-groups/groups of WPI, following the principles of adequacy," an official statement said. ll commodities WPI could not be computed for April-2020 due to non-availability of manufactured product group index, it added. It said the price indices of primary articles have been computed based on mandi prices of agricultural items; ex-mine prices of minerals; prices of crude petroleum and natural gas. Price indices of fuel and power major group have been computed based on the price data reported from Ministry of Petroleum and Natural Gas, selected public sector undertakings (PSUs), Office of the Coal Controller and Central Electricity Authority. Price indices of these major groups (primary articles and fuel & power) were released for April 2020 with standard procedures. No changes in estimation procedures were done, it added. With regard to inflation in manufactured products, the ministry said in view of the preventive measures and announcement of nationwide lockdown by the government to contain spread of COVID-19, the price collection of manufactured products through personal visits of price collectors was suspended with effect from March 19. **Read More …** **Go to top**

LSE Seeks EU Antitrust Approval for $27 Billion Refinitiv Bid	London Stock Exchange Group Plc finally sought European Union approval of its $27 billion bid for data provider Refinitiv, kick-starting one of the most closely watched deal reviews of the year. The EU's merger control authority set an initial June 22 deadline for regulators to examine the deal, according to a website filing on Wednesday. The date is often extended if companies offer concessions or if the EU opens an in-depth probe, common for complicated data-heavy deals. The companies had initially planned to file the deal by March, after the U.K. quit the EU but before the end of the Brexit transition period on Dec. 31. Filing now allows the EU to weigh the impact of the tie-up for all of the region, including the U.K. LSE has previously said it plans to close the deal this year. A spokeswoman declined to comment on the EU filing. **Read More …** **Go to top**
Using Calculus To Understand The Financial Markets	Consider US initial jobless claims, which track the number of people who have filed jobless claims for the first time during a specified period with the appropriate government labor office. Last week alone, 3.2 million of our friends and loved ones filed for unemployment. Perhaps, as investors, instead of us binge-watching the news and lamenting the lack of "good" in our situation, we should look for signs of improvement. **Read More …** **Go to top**
Improving Confidence Drives Emerging Market Rally In April	The coronavirus pandemic has hit economies across the globe, emerging markets being no exception. Our Emerging Markets Equity team takes a look at developments during the month of April and how various countries have been affected. The team outlines why it believes many of these economies can weather the crisis - and maybe even eventually emerge stronger as new technologies are adopted. **Read More …** **Go to top**
Total Catastrophe Of The Currency System	As the Nasdaq makes a new high for the year, the world outside the stock market timebomb is falling apart. For example the UN agency, The International Labour Organisation (ILO) reports that 1.6 billion jobs are at risk in the global economy. That is half of the global workforce of 3.3 billion. Particularly vulnerable are the 2 billion people in the informal economy. For most of these vulnerable people, this means no income, no food and no security reports the ILO. This is a human tragedy on a massive scale and most people in the Western world are totally unaware. HALF UK ADULTS PAID BY THE STATE Looking at the UK, 23 million people which is half of all adults are now paid by the state. This includes people being furloughed, on unemployment benefits and public sector workers and pensioners. That is just an incredible proportion of the population which are getting free money for making no productive contribution. Yes, the human side is of course incredibly important and suffering people should be helped. The problem is only that THERE IS NO MONEY. What half of the adult population is receiving is money that doesn't exist but is just printed out of thin air and thus has no real value. REAL US UNEMPLOYMENT 39% If we take the US, Q2 GDP is forecast at -35%. Over 20 million have lost their jobs and both small and big businesses are going into a black hole. Most of these 20 million have no savings and couldn't survive for one month without government handouts. If we take the real US unemployment figure based on ShawdowStats, it is now 39%. If we compare that to the 25% unemployment during the depression in the 1930s, it is a staggering figure. If the world, as I believe, has now entered a secular downturn of major proportions, many of these 20 million will never get their jobs back. That either

means no income, no food, and nowhere to live or the government assisting these people permanently. Both of these outcomes will lead to perdition. No income means misery, disease and eventually a lot of people dying. Money printing is sadly no solution either. Once money is printed on a larger scale, the currency will be totally debased, become worthless with hyperinflation to follow. Just look at Venezuela with a major part of the population struggling to survive.

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Gold Remains The 'Canary In The Coal Mine' And Is Again Warning Of Currency Crisis

◆ "There is always going to be those who have a vested interest in it not going past the all time high for as long as they can attempt to manage that"

◆ "It is all about maintaining faith in the dollar and they do not want gold going to $2,500 or $3,000 per ounce … and they will do all that they can to prevent that."

◆ Gold will again "become the 'canary in the coal mine' which is singing with respect to the dollar" … "showing that you have serious systemic issues."

◆ "By manipulating gold prices, it creates a false sense of security for people … as people see gold has not hit record highs and think that means that we do not have a currency crisis and there is no risk to the dollar. The mainstream is not talking about the risks to the dollar and it is not in the mainstream narrative at all or in the mainstream media.

◆ This is despite America has never being more dysfunctional … the American economy looks like it is going to collapse … it is civil war politics over there ahead of the election."

◆ "Monster of financialisation of America and much of the industrial world have undermined the fundamentals of the economies and the poor and the middle classes will be impacted the most."

◆ "Gold market supply issues are not simply due to "logistics" but due to a lack of supply of unencumbered gold in London and New York which is not already owned."

◆ "In the very short term, gold and silver may go lower but the medium and long term outlook is as good as it was in 2001 and in early 2009."

◆ These financial, monetary and systemic risks highlight the importance of avoiding gold ETF products and owning physical gold unencumbered outside the banking and financial system

◆ "People need to protect themselves and their businesses and become financially and monetarily free by owning gold in the safest way"

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International Events

Date	Time	COUNTRY	DATA	Forecast	Previous
FriMay 15	4:00am	NZD	Business NZ Manufacturing Index		53.2
	5:20am	JPY	PPI y/y		-0.40%
	7:30am	CNY	Fixed Asset Investment ytd/y		-16.10%

		CNY	Industrial Production y/y		-1.10%
		CNY	Retail Sales y/y		-15.80%
		CNY	Unemployment Rate		5.90%
	11:30am	EUR	German Prelim GDP q/q		0.00%
	12:15pm	EUR	French Final CPI m/m		0.10%
	2:30pm	EUR	Flash Employment Change q/q		0.30%
		EUR	Flash GDP q/q		-3.80%
		EUR	Trade Balance		25.8B
	6:00pm	CAD	Foreign Securities Purchases		20.61B
		USD	Core Retail Sales m/m		-4.50%
		USD	Retail Sales m/m		-8.70%
		USD	Empire State Manufacturing Index		-78.2
	6:45pm	USD	Capacity Utilization Rate		72.70%
		USD	Industrial Production m/m		-5.40%
	7:30pm	USD	Prelim UoM Consumer Sentiment		71.8
		USD	Business Inventories m/m		-0.40%
		USD	JOLTS Job Openings		6.88M
		USD	Prelim UoM Inflation Expectations		2.10%
SatMay 16	1:30am	USD	TIC Long-Term Purchases		49.4B
SunMay 17					
MonMay 18	4:31am	GBP	Rightmove HPI m/m		
	5:20am	JPY	Prelim GDP Price Index y/y		
		JPY	Prelim GDP q/q		
		JPY	Trade Balance		
	10:00am	JPY	Revised Industrial Production m/m		
		JPY	Tertiary Industry Activity m/m		-0.50%
	All Day	EUR	Eurogroup Meetings		
	Tentative	EUR	German Buba Monthly Report		
	Tentative	GBP	BOE Quarterly Bulletin		
	All Day	CAD	Bank Holiday		
	7:00pm	GBP	CB Leading Index m/m		
	7:30pm	USD	NAHB Housing Market Index		
TueMay 19	4:15am	NZD	PPI Input q/q		
		NZD	PPI Output q/q		
	7:00am	AUD	Monetary Policy Meeting Minutes		
	11:30am	EUR	German WPI m/m		
	2:00pm	GBP	Average Earnings Index 3m/y		
		GBP	Claimant Count Change		
		GBP	Unemployment Rate		
	2:30pm	EUR	ZEW Economic Sentiment		
		EUR	German ZEW Economic Sentiment		
	All Day	EUR	ECOFIN Meetings		
	6:00pm	USD	Building Permits		
		USD	Housing Starts		

	6:30pm	CNY	CB Leading Index m/m		
	8:00pm	AUD	CB Leading Index m/m		
	Tentative	NZD	GDT Price Index		
WedMay 20	Tentative	CAD	Annual Budget Release		
	4:15am	NZD	FPI m/m		
	5:20am	JPY	Core Machinery Orders m/m		
	6:00am	AUD	MI Leading Index m/m		
	11:30am	CHF	Trade Balance		
		EUR	German PPI m/m		
	1:30pm	EUR	Current Account		
	2:00pm	GBP	CPI y/y		
		GBP	PPI Input m/m		
		GBP	Core CPI y/y		
		GBP	HPI y/y		
		GBP	PPI Output m/m		
		GBP	RPI y/y		
	2:30pm	EUR	Final CPI y/y		
		EUR	Final Core CPI y/y		
	3:30pm	GBP	CBI Industrial Order Expectations		
	Tentative	EUR	German 10-y Bond Auction		
	6:00pm	CAD	CPI m/m		
		CAD	Common CPI y/y		
		CAD	Median CPI y/y		
		CAD	Trimmed CPI y/y		
		CAD	Core CPI m/m		
		CAD	NHPI m/m		
		CAD	Wholesale Sales m/m		
	7:30pm	EUR	Consumer Confidence		
	8:00pm	USD	Crude Oil Inventories		
	11:30pm	USD	FOMC Meeting Minutes		
ThuMay 21	4:30am	AUD	Flash Manufacturing PMI		

Domestic Event

Tuesday May 12 2020			Actual	Previous	Consensus	Forecast
05:30 PM	IN	Industrial Production YoY MAR		4.5%	-8.7%	-8.3%
05:30 PM	IN	Inflation Rate YoY APR		5.91%	5.68%	5.5%
05:30 PM	IN	Manufacturing Production YoY MAR		3.2%		-9.0%
Thursday May 14 2020			Actual	Previous	Consensus	Forecast
12:00 PM	IN	WPI Food YoY APR		4.91%		
12:00 PM	IN	WPI Fuel YoY APR		-1.76%		
12:00 PM	IN	WPI Manufacturing YoY APR		0.34%		
12:00 PM	IN	WPI Inflation YoY APR		1%	0.3%	0.2%
Friday May 15 2020			Actual	Previous	Consensus	Forecast
05:00 PM	IN	Foreign Exchange Reserves MAY/08		$481.08B		
06:00 PM	IN	Balance of Trade APR		$-9.76B	$-7.5B	$-6.7B
Friday May 22 2020			Actual	Previous	Consensus	Forecast
05:00 PM	IN	Deposit Growth YoY MAY/08		9.8%		
05:00 PM	IN	Foreign Exchange Reserves MAY/15				
05:00 PM	IN	Bank Loan Growth YoY MAY/08		6.7%		