

THE NIGHT OUTLOOK

Tuesday, 20th October 2020

GRAPHIC OF THE DAY



(1) US Housing Starts (Sep) 1415k v 1416k prior (SOURCE : BLOOMBERG).

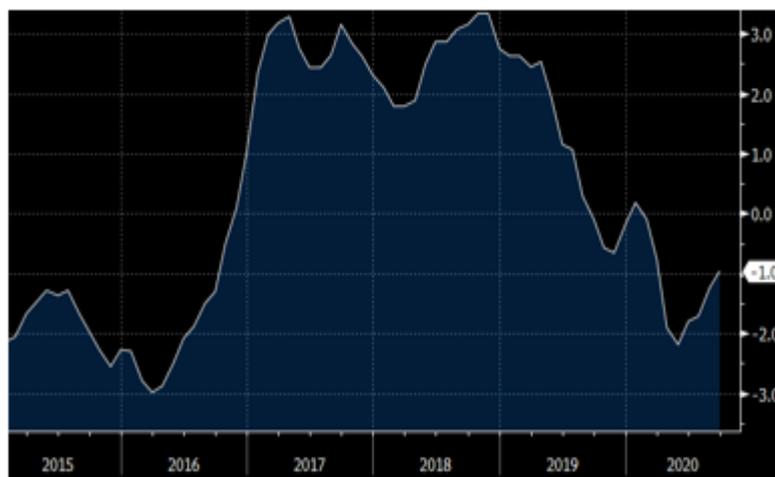
(2) US Building Permits (Sep) 1553k v 1470k prior (SOURCE : BLOOMBERG).

US

- Overall, **housing starts increased 1.9% to a seasonally adjusted annual rate of 1.415 million units last month. Data for August was revised down to a 1.388 million-unit pace** from the previously reported 1.416 million. Single-family homebuilding, the largest share of the housing market, jumped 8.5% to a rate of 1.108 million units last month. But starts for the volatile multi-family housing segment fell 16.3% to a pace of 307,000 units. (Chart 1)

- **Permits for future home building increased by 5.2% to a rate of 1.553 million units in September.** Single-family building permits rose 7.8% to a rate of 1.119 million units. Multi-family building permits slipped 0.9% to a rate of 434,000 units. (Chart 2)

GERMANY



(3) German PPI (YoY) (Aug) -1% v -1.2% previous

In September 2020, the **index of producer prices for industrial products decreased by 1.0% compared with the corresponding month of the preceding year.** In August the **annual rate of change all over had been -1.2%**, as reported by the Federal Statistical Office (Destatis). Compared with the preceding month August the overall index increased by 0.4% in September 2020 (unchanged in August). (Chart 3)

"THE NIGHT OUTLOOK" by Financial Networking Group® and with the help of our

partnership **Investing.com**

MARKET MONITOR

Source: Investing.com

EQUITY INDICES

Name	Last	Open	High	Low	Chg. %
Dow Jones	28,308.79	28,245.85	28,575.03	28,243.04	+0.40%
S&P 500	3,443.00	3,443.50	3,477.80	3,435.80	+0.47%
Nasdaq	11,516.49	11,531.83	11,632.89	11,471.24	+0.33%
S&P/TSX	16,277.30	16,350.01	16,371.75	16,245.22	+0.02%
Bovespa	100,694.99	98,663.89	100,721.83	98,663.89	+2.07%
Euro Stoxx 50	3,227.87	3,239.75	3,250.97	3,223.79	-0.45%
FTSE 100	5,889.22	5,884.65	5,915.47	5,861.81	+0.08%
CAC 40	4,929.28	4,932.87	4,968.61	4,914.49	-0.27%
DAX	12,736.95	12,819.15	12,850.29	12,725.45	-0.92%
IBEX 35	6,927.30	6,834.80	6,972.10	6,826.70	+0.98%
FTSE MIB	19,482.13	19,322.80	19,568.16	19,245.36	+0.56%
Topix 100	1,035.45	1,039.08	1,041.54	1,033.88	-0.66%
Nikkei 300	338.93	336.89	339.66	336.89	+1.19%
Hang Seng	24,569.54	24,571.64	24,600.39	24,456.84	+0.11%
Shanghai	3,328.10	3,307.15	3,328.10	3,293.77	+0.47%

RATES

Name	Last	Open	Chg. %
Italy 10Y	0.728	0.707	-1.62%
U.S. 10Y	0.792	0.769	+3.99%
Germany 10Y	-0.598	-0.627	+0.99%
France 10Y	-0.325	-0.341	-0.78%
U.K. 10Y	0.188	0.178	-0.27%
Spain 10Y	0.187	0.160	+1.36%
Japan 10Y	0.020	0.025	-20.00%

CURRENCIES

Name	Last	Open	Chg. %
USD/CAD	1.3129	1.3190	-0.48%
EUR/USD	1.1825	1.1768	+0.51%
USD/JPY	105.47	105.42	+0.04%
USD/CNY	6.6767	6.6771	-0.05%
EUR/CAD	1.5526	1.5524	+0.03%
GBP/USD	1.2944	1.2950	-0.02%
EUR/GBP	0.9137	0.9087	+0.57%
EUR/JPY	124.72	124.04	+0.55%
EUR/MXN	25.0069	24.9340	+0.31%

US – Wall Street shares close higher on stimulus hopes

Source: Investing.com



(4) S&P 500 Index (YTD) (SOURCE : BLOOMBERG).

(5) S&P 500 map (Change 1 day) (SOURCE : Finviz).



The Dow rose Tuesday led by energy and financials as investors weighed up the latest progress on stimulus with just hours to go until the deadline for lawmakers to reach a deal.

The Dow rose Tuesday led by energy and financials as investors weighed up the latest progress on stimulus with just hours to go until the deadline for lawmakers to reach a deal. **The Dow Jones Industrial Average rose 0.40%, or 113 points. The S&P 500 was up 0.47%, while the Nasdaq Composite added 0.33%.**

Pelosi suggested progress had been made with the White House on recent stimulus talks and she was hopeful a deal could be brokered by the end of the day. The house speaker conceded, however, that state and local money along with business liability remained sticking points. Senate Republican majority leader Mitch

FINANCIAL NETWORKING GROUP

McConnell reportedly advised the White House to ditch a deal claiming that Pelosi isn't negotiating in good faith. Both sides resumed talks at 3PM ET today, after negotiations a day earlier helped chip away at differences. The remarks firmed up expectations a deal could be in the offing after White House economic advisor Larry Kudlow signaled uncertainty.

Stocks tied to the economy like industrials, energy and financials racked up gains intraday. Financials got a boost from rising banking stocks, **with Goldman Sachs in the spotlight, up more than 1%**, after the latter was reported to have reached a deal with the U.S. Department of Justice to pay over \$2 billion for its role in the 1MDB scandal.

In tech, meanwhile, **further signs of a government crackdown on the monopoly power of large cap tech did little to sour investor sentiment on the sector.** The U.S. government filed an antitrust lawsuit against Google on allegations it had violated competition law to preserve its monopoly over internet searches and online advertising. **Google-parent Alphabet ended up more than 1%, while Microsoft and Amazon.com were modestly higher. Facebook rose 2%.** Elsewhere in tech, **International Business Machines fell 6% after reporting a third straight quarterly decline in revenue and keeping its guidance sidelined amid uncertainty from the ongoing pandemic.**

Procter & Gamble ended just above the flat zone after raising its guidance and reporting quarterly results that topped Wall Street estimates in the wake of a pandemic-led boost to demand for its household products.

In other news, cash-strapped movie chain **AMC Entertainment slumped 13% after warning of possible bankruptcy as it continues to seek additional liquidity to plug the financial hole as a result of the pandemic.**

MARKETS – EU’s Social Bonds Draw \$275 Billion to Set Global Demand Record

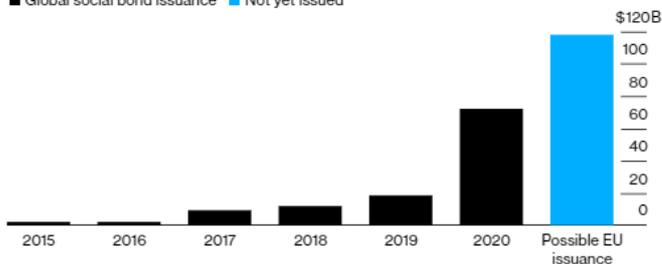
Source: Bloomberg.com

The **European Union’s first offering of social bonds drew orders of more than 233 billion euros (\$275 billion), likely to be the biggest ever for any debt deal.** The bloc’s 17-billion-euro, two-part sale was nearly 14 times subscribed. The **orderbooks easily topped Italy’s previous European sovereign record of 108 billion euros,** according to data compiled by Bloomberg.

Social Bond Surge

EU could issue as much as \$118 billion in bonds for positive social outcomes

■ Global social bond issuance ■ Not yet issued



Source: Bloomberg

The sale marks the **arrival of a major new safe asset, with investors drawn to a AAA credit rating and the fastest-growing part of sustainable finance.** The offering, also the EU’s first joint debt since the bloc agreed a landmark pandemic recovery deal, **is aimed at providing funding for a job support program.**

Social bonds are defined by funding for projects that help society, such as improving social welfare or serving disadvantaged populations.

The **bloc raised 10 billion euros from the sale of 10-year debt, and another 7 billion euros of 20-year securities.** Given the size, the **EU is already nearly a fifth of the way to achieving its goal to finance its 100-billion-euro SURE program,** a temporary measure designed to **help governments keep workers in jobs.** **Italy will be the biggest beneficiary, receiving around 27 billion euros.** The **10-year offering was priced at three basis points over midswaps, while the 20-year security was at 14 basis points over midswaps.** While comparisons for this new debt are hard to make, the 10-year was set nearly one basis point higher than implied market spreads for

“THE NIGHT OUTLOOK” by Financial Networking Group® and with the help of our

partnership **Investing.com**

FINANCIAL NETWORKING GROUP

existing EU bonds. In yet another milestone, **the deal helped bond sales across the region climb above 1.5 trillion euros in a year for the first time**. Analysts have said the **issuance could help lift the euro**, with any sign of deeper integration among member states a boon for markets.

The common currency rose as much as 0.6% to \$1.1841. Meanwhile, the third-quarter earnings season has gathered momentum. Of the **66 S&P 500 companies that have reported results, 86.4% have topped expectations for earnings**, according to Refinitiv IBES data.

CRYPTOCURRENCIES – Bitcoin Pushes Past \$12,000 Mark for First Time Since September

Source: Bloomberg.com



Bitcoin climbed above \$12,000 for the first time in more than a month, breaching a key level that chartists and technicians say might set the largest cryptocurrency up for further gains. **The digital token increased as much as 2.7% to \$12,052 in New York on Tuesday**, before retreating slightly from the high from the day. That's Bitcoin's highest level since Sept. 2. Before investors look to the next bull run, we need to see the price remain above \$12,000 for an extended period of

time, then investors should look to \$14,000 as the next target.

Though Bitcoin's remained volatile all year, often moving up when U.S. equities do and selling off during risk-off stretches, it's been buoyed by a string of positive catalysts in recent weeks. Bulls cite greater institutional acceptance, for instance, with Fidelity Investments launching a Bitcoin fund and a couple of public companies investing in the coin.

This week, many crypto fans pointed to a panel hosted by the International Monetary Fund during which Federal Reserve Chairman Jerome Powell said the U.S. central bank is evaluating the costs and benefits of a digital currency. Bitcoin last traded above \$12,000 in September though it didn't hold above that level for long. **September was its worst month since March, with the coin losing more than 8%.**

ECONOMIC CALENDAR FOR TOMORROW (GMT +2:00)

Source: investing.com

Time	Cur.	Imp.	Event	Actual	Forecast	Previous
Wednesday, October 21, 2020						
09:30	EUR	★ ★ ★	ECB President Lagarde Speaks			
14:30	CAD	★ ★ ★	Core CPI (MoM) (Sep)			0.0%
14:30	CAD	★ ★ ★	Core Retail Sales (MoM) (Aug)		0.9%	-0.4%
16:30	USD	★ ★ ★	Crude Oil Inventories		-1.021M	-3.818M

Source : [Ft.com/Reuters/ Bloomberg/Investing/Daily FX/ Deutsche Bank/ Boursorama/ JP Morgan](https://www.ft.com/Reuters/Bloomberg/Investing/Daily-FX/Deutsche-Bank/Boursorama/JP-Morgan)

DISCLAIMER

Financial Networking Group believes the information provided is reliable, however, it does not warrant that it is accurate and persons relying on the information do so at their own risk. To the extent permitted by law, Financial Networking Group disclaims all liability to any person relying on the information in respect of any loss or damage (including consequential loss or damage) however caused, which may be suffered or arise directly or indirectly in respect of such information.

Any projections contained in the information are estimates only. Any advice contained in this presentation is general advice. It has been prepared without taking account of any person's objectives, financial situation or needs, and because of that, any person should before acting on the advice, consider the appropriateness of the advice having regard to their objectives, financial situation and needs.

"THE NIGHT OUTLOOK" by Financial Networking Group® and with the help of our

partnership **Investing.com**