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— Nova Investment Club —

Market Update

August 7th – August 21st 2020



Market Update

Bi-Weekly Market Review

August 7th to August 21st, 2020

Market Moves

% change

	Last Close	-1W	-3M	YTD
S&P 500	3 397,2	0,72%	31,92%	27,06%
DJIA	27 930,3	-0,00%	19,48%	12,99%
Nasdaq	11 311,8	2,65%	68,14%	63,86%
MSCI World	2 882,6	-0,99%	0,40%	-3,25%
MSCI EM	3 999,4	-0,40%	-5,30%	-9,37%
Russell 2000	1 552,5	-1,61%	3,31%	1,10%
Euro Stoxx 50	3 259,8	-1,37%	-11,27%	-6,97%
FTSE 100	6 001,9	-1,45%	-19,90%	-21,93%
Nikkei 225	22 920,3	-1,58%	4,13%	0,68%
Hang Seng	25 113,8	-0,27%	-11,09%	-16,06%
Dollar Index	93,2	0,16%	-1,38%	1,22%
EUR/USD	1,2	-0,38%	1,30%	-1,73%
GBP/EUR	1,1	0,39%	-2,69%	-1,44%
GBP/USD	1,3	0,03%	-1,45%	-3,13%
USD/JPY	105,8	-0,75%	-6,90%	-6,11%
USD/CHF	0,9	0,27%	-8,62%	-6,44%
Brent Crude	44,4	-1,00%	-27,73%	-33,68%
Gold	1 934,6	-0,12%	52,27%	47,76%

Generic Bond Yields

change in bps

	Last Close	-1W	-3M	YTD
US 10Y Yield	0,63%	-8,1	-175,1	-177,7
GER 10Y Yield	-0,51%	-8,6	-87,0	-93,4
JPY 10Y Yield	0,03%	-1,7	-3,7	-1,4
UK 10Y Yield	0,21%	-3,7	-112,6	-98,4
PT 10Y Yield	0,33%	-4,3	-174,5	-161,4

*Source: Bloomberg, as of 2020-08-21

Upcoming Week

Next week, Jerome Powell will discuss its strategy for price stabilization post-COVID. Given that the recent surge in prices was preceded by lasting low levels of inflation, this time analysts are not expecting a raise in the interest rates.

In Focus

August

Historical peace treaty is signed between Israel and UAE, sponsored by the USA. In addition to the development of diplomatic, economic and technological ties between both countries, Israel pledges to halt its plans of annexation of the occupied West Bank region. Two other middle eastern countries, Bahrain and Oman, which have had informal relations with the Jewish state, expressed the support for the agreement, creating a path for new treaties to be signed between Israel and other Muslim states.

Belarus subject to EU sanctions due to election fraud. On August 9th, Alexander Lukashenko was re-elected with allegedly 80% of the electorate's support. The opposition started protesting with claims of police violence, vote rigging and repression. Despite having China and Russia's consent, this situation was not ignored by EU representatives, which have already pledged the imposition of sanctions for the lack of democracy. A second election is yet to be discussed as Russia is prepared to offer the current president military support to ensure the continuation of his sixth mandate.

Dollar's share of China and Russia trade indicates potential for a financial alliance. China and Russia have been trying to replace the dollar in trade settlements since 2014. In the first quarter of 2020, the dollar's share fell below 50% for the first time and it was only used in 46% of the transactions between the two countries, in opposition to the all-time highs of 30% by the euro and 24% by the Russian ruble and the Chinese renminbi. These values are aligned with the dollar's continuous devaluation, given that on Tuesday the dollar index reached its 27-month low.

Kamala Harris chosen as the running mate of democratic candidate Joe Biden. After this year's Democratic National Convention, the duo Biden-Harris were nominated with the goal of defeating current US president Donald Trump in the November election. Other renowned democratic figures, such as Barack and Michelle Obama, Warren and Sanders

spoke during the convention to pledge for unity within the democratic party.

Tesla and Apple announce stock splits after all-time high valuations. Shortly after dethroning the oil giant Saudi Aramco as the world's largest public company in the beginning of August, Apple has reached the \$2tn dollar market capitalization, followed by a surge in the Tesla share price to upwards of \$2000 per share in the same time-frame, being the most valuable automotive manufacturer. Both stock splits will occur on August 31st, giving Apple's investors 4 new shares for every current 1 they own and 5 new shares for every current 1 they own for Tesla's stockholders.

Wirecard to be pulled from the DAX index. After the missing \$2 billion, the arrest of ex-CEO Markus Braun and the insolvency filing, the fintech's stock collapsed from \$165 to \$1,52 in a period of 6 months. As it tries to recover funds by selling their UK and Brazilian businesses, Delivery Hero, an online food ordering and delivery company, will replace Wirecard's spot in the DAX index.

Big box retailer's earnings surpass expectations. Alibaba, Target, Walmart, and Home Depot's earnings have shown a rise in profits and sales despite the pandemic. This surge was mainly provoked by the bet in online sales as e-commerce registered an increase of 76% in June and 55% in July, regarding the past year. The stores executives claim that the check stimulus and the unemployment benefits lead the physical store's sales to increase as well.

Epic Games instigates a lawsuit action against Apple Store terms. Apple decided to exclude Fortnite from its platform for violating the terms established. In return, its creator (Epic Games) filed a lawsuit against the company stating that they violated antitrust laws and that their policies are manufacturing an illegal monopoly as Apple retains 30% of all App store sales.

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