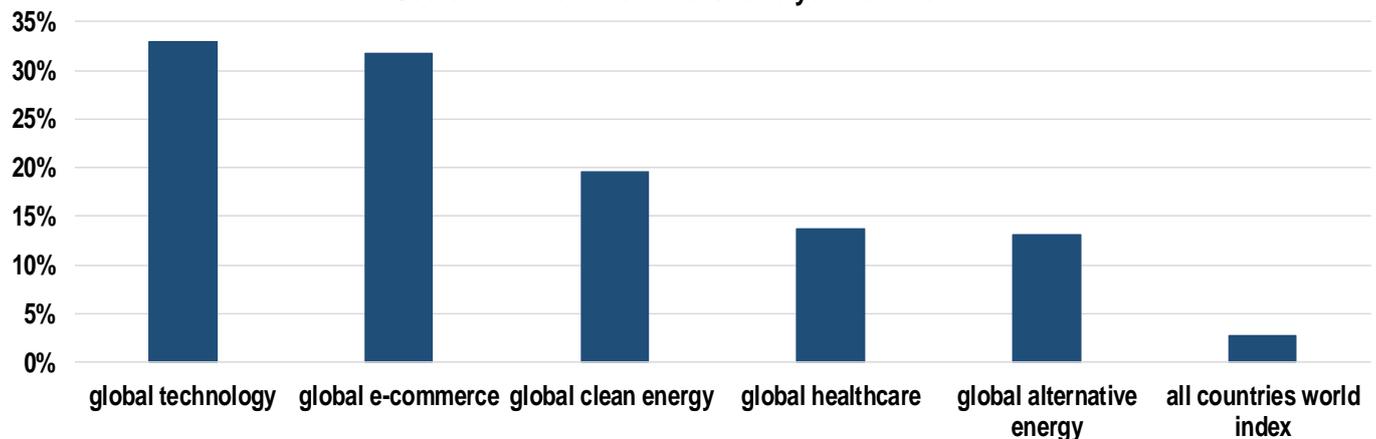


During the current week, some macroeconomic figures indicated that main economies have started recovering. **US** consumer confidence (conference Board) increased in June at a level (98.1, May: 85.9) above the historic average (95, 12-month average: 119). The ISM manufacturing index increased at a high (52.6) since April 2019. US unemployment dropped in June (11.1%, May: 13.3%, historic average: 5.8%). **Eurozone** economic sentiment index increased significantly in June (75.7, May: 67.5), however it is still below the historic average (99.6). Eurozone inflation estimate was at 0.3% in June. The ECB is expected to conduct monetary easing for long, to facilitate the recovery and the gradual increase of inflation from low level. Despite that fiscal and monetary easing have supported market sentiment, worries remain. The coronavirus spread continues, with more than half a million deaths worldwide. A. Fauci warned that US daily coronavirus case counts could double. Early positive results from an ongoing phase study for coronavirus vaccine were announced, showing progress towards tackling the pandemic. China has approved the security law for Hong Kong, which has been severely criticized by the US. Recent economic figures in **China**, indicate economic recovery. Specifically, the composite Caixin PMI increased in June at a high (55.7) since November 2010.

Despite elevated volatility in global markets in the first half of 2020, positive one-year total returns have been posted in the US equity market (6/19-6/20: S&P 500 index at almost 7.5%) and for the global index (close to 3%). The global technology and healthcare indices have overperformed. Significant positive returns have been posted by themes such as clean energy, as climate considerations have shifted the attention towards environmental issues.

**Sector and thematic indices: one-year total return**


Source: Bloomberg (Indices used: MSCI, S&P. One-year total return 6/2019-6/2020)

In the second quarter, the S&P 500 index increased by the most (20.5%) since the fourth quarter of 1998, trimming the year to date drop to -3%. Large scale monetary easing keeps yields low and supports the price of gold, which increased at a high (1/7: \$1,789/ounce) since 2012. EUR/USD remains (\$1.1250) above the support area of \$1.1170-\$1.1200, while resistance is at \$1.1420. US 10-year yield posted low (30/6: 0.617%) since May 15 and German 10-year yield low (-0.488%) since May 25. The global aggregate bond index (IG) has risen by 3% in 2020.

#### The week ahead:

**Eurozone** investor confidence sentix index for July is expected at the start of the next week. In the **US**, the ISM non-manufacturing index (6/7) has probably risen in June, adding to signals of economic recovery.

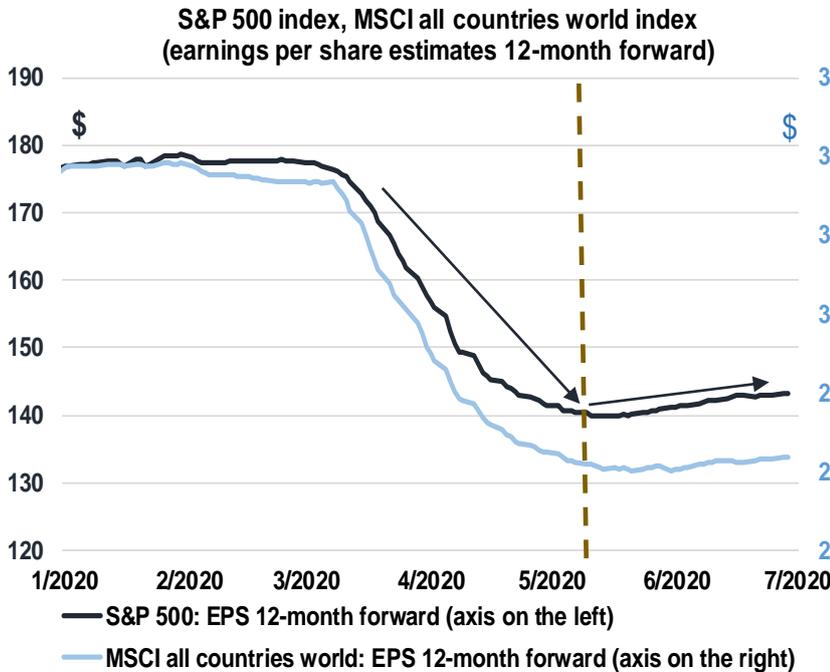
**The coronavirus pandemic, US-China, US-Europe relations and the US elections in November will be in focus in the second half of the year, as a wide-range of market outcomes is possible. Assuming that most of the supportive measures have already been taken in the major economies, the second half of the year will be closely watched for the results of policies in lifting economic activity. The recent market developments have been encouraging for investors. The investment landscape is supported by the large scale fiscal and monetary easing.**

#### Quote of the Week:

US expert A. Fauci said (30/6): “hopeful a vaccine for Covid-19 will be ready by early 2021. Still, there is no guarantee it will be developed”.

Global Markets in Charts

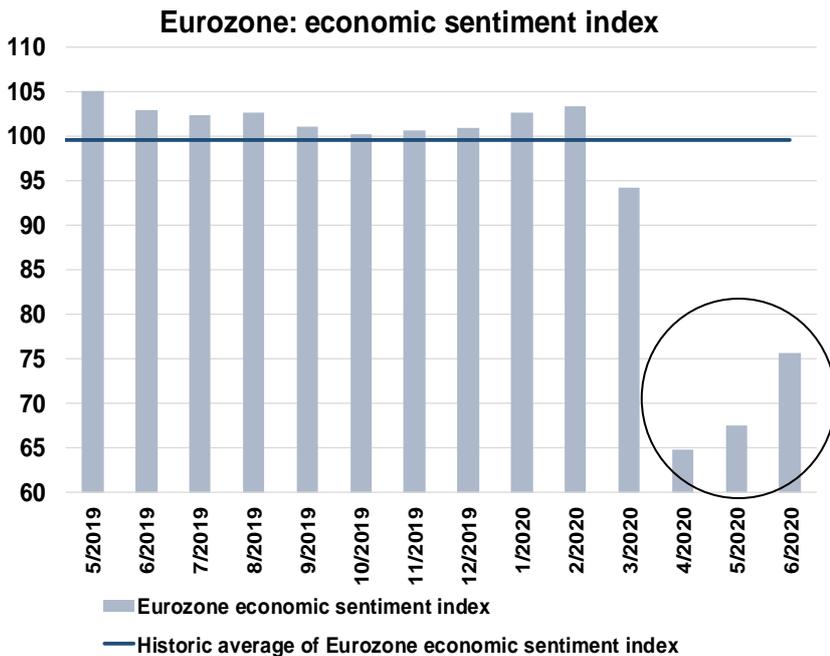
The quarterly results for the second quarter of 2020 will show substantial yearly drop. However, there are initial signs of stabilization of 12-month forward earnings per share estimates, since early June.



The earnings per share of the S&P 500 index may have dropped by around 45% on yearly basis in the second quarter of 2020, as lockdown measures amid the pandemic, have restricted activity.

Regarding the 12-month forward earnings per share estimate, the downgrades were substantial from March until the end of May. However, stabilisation is evident in earnings per share estimates 12-month forward, during June, for both the S&P 500 index and the MSCI All countries world index. The pandemic spread remains worrisome, but the partial resumption of economic activity combined with economic stimulus in major countries, may help market sentiment and may benefit investors with mid-term time horizon (6-12 months).

Eurozone economic sentiment index increased significantly in May (75.7, April: 67.5).



The increase of the economic sentiment index at a high (75.7) since March is an initial signal for economic recovery in the Eurozone. It is noted that, despite that the monthly increase is large, the level is below the historic average (99.6). If a partial treatment of the coronavirus pandemic is achieved in the second half, it is probable to see economic activity recover further. The Eurozone stoxx 50 index increased in the second quarter of 2020 by almost 18%, but the first half 2020 total return was at almost -12% and the one year return at -4.5%. The Stoxx 600 Europe recovered by 13.9% in the second quarter, while the total return in the first half was -11.8% and the one-year return at -3.8%.

Source: Bloomberg

July 3, 2020

**Global Markets Minesweeper**
**Event Risk Calendar, 6 - 10 July 2020**

Monday 6/7							
Date Time	Country	Event	Period	Survey	Prior		
6/7 09:00	GE	Factory Orders (MoM)	May	15.0%	-25.8%		
6/7 11:30	EC	Sentix Investor Confidence	Jul	-11.0	-24.8		
6/7 11:30	UK	Markit/CIPS UK Construction PMI	Jun	40.0	28.9		
6/7 12:00	EC	Retail Sales (MoM)	May	15.0%	-11.7%		
6/7 12:00	EC	Retail Sales (YoY)	May	-6.5%	-19.6%		
6/7 16:45	US	Markit US Services PMI	Jun F	47.0	46.7		
6/7 16:45	US	Markit US Composite PMI	Jun F		46.8		
6/7 17:00	US	ISM Non-Manufacturing Index	Jun	50.0	45.4		
Tuesday 7/7							
Date Time	Country	Event	Period	Survey	Prior		
7/7	CH	Foreign Reserves	Jun	\$3112.00b	\$3101.69b		
7/7 02:30	JN	Real Cash Earnings (YoY)	May	-0.8%	-0.8%		
7/7 02:30	JN	Household Spending (YoY)	May	-11.8%	-11.1%		
7/7 08:00	JN	Leading Index CI	May P	79.3	77.7		
7/7 08:00	JN	Coincident Index	May P	74.6	80.1		
7/7 09:00	GE	Industrial Production SA (MoM)	May	8.0%	-17.9%		
7/7 09:00	GE	Industrial Production WDA (YoY)	May	-19.3%	-25.3%		
<b>Eco Event</b>	US	San Francisco Fed President Mary Daly and Richmond Fed President Thomas Barkin take part in a virtual discussion on the economy					
Wednesday 8/7							
Date Time	Country	Event	Period	Survey	Prior		
8/7 02:50	JN	BoP Current Account Balance	May	¥1083.6b	¥262.7b		
8/7 02:50	JN	Trade Balance BoP Basis	May	-¥646.0b	-¥966.5b		
8/7 08:00	JN	Eco Watchers Survey Current SA	Jun	24.6	15.5		
8/7 08:00	JN	Eco Watchers Survey Outlook SA	Jun	39.3	36.5		
8/7 22:00	US	Consumer Credit	May	-\$15.000b	-\$68.779b		
Thursday 9/7							
Date Time	Country	Event	Period	Survey	Prior		
9/7 02:50	JN	Core Machine Orders (MoM)	May	-3.8%	-12.0%		
9/7 02:50	JN	Core Machine Orders (YoY)	May	-16.8%	-17.7%		
9/7 04:30	CH	PPI (YoY)	Jun	-3.2%	-3.7%		
9/7 04:30	CH	CPI (YoY)	Jun	2.5%	2.4%		
9/7 09:00	GE	Trade Balance (Euro)	May		3.6b		
9/7 09:00	GE	Current Account Balance (Euro)	May		7.7b		

July 3, 2020

9/7 09:00	JN	Machine Tool Orders (YoY)	Jun P		-52.8%	
9/7 15:30	US	Initial Jobless Claims	4-Jul		1427k	🌐*
		<b>Friday 10/7</b>				
<b>Date Time</b>	<b>Country</b>	<b>Event</b>	<b>Period</b>	<b>Survey</b>	<b>Prior</b>	<b>🌐*</b>
10/7 02:50	JN	PPI (YoY)	Jun	-2.0%	-2.7%	
10/7 11:00	IT	Industrial Production (MoM)	May	15.2%	-19.1%	
10/7 15:30	US	PPI Final Demand (YoY)	Jun	-0.2%	-0.8%	
10/7 15:30	US	PPI Ex Food and Energy (YoY)	Jun	0.5%	0.3%	

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