

Week of August 10<sup>th</sup>, 2020

## Market Overview: August 3<sup>rd</sup> – August 7<sup>th</sup>, 2020

### Market Recap

**Stocks** rose but traded within thin ranges as investors awaited word on a new U.S. aid package and digested upbeat jobless claims data. **Treasury yields** slipped. The **dollar** was little changed against a basket of currencies. Safe-haven **gold** extended its record-breaking run. **Oil** prices struggled for direction as demand recovery fears eclipsed Iraq's planned production cuts.

### Coming Up In U.S.

- **U.S. unemployment rate** is expected to have risen 10.5% in July, after increasing 11.1% last month. **Nonfarm payrolls** are likely to have risen 1.58 million in July, after a 4.8 million increase in June. **Wholesale inventories** are expected to drop 2% in June, after a similar decline in May.
- **Brazilian inflation** as measured by the **IPCA consumer price index** is likely to have risen 0.35% in July, compared with a 0.26% increase in June. In the 12 months to July, Brazil is expected to have recorded 2.31% inflation, after clocking in 21.3% in June.

### U.S. Top News

- **Senate's McConnell says U.S. economy needs 'boost,' but coronavirus aid talks drag on**  
Senate Majority Leader Mitch McConnell said the U.S. economy needs an "additional boost" to cope with the fallout of the coronavirus pandemic, as Republicans and Democrats remained far apart about what to include in another wave of relief.
- **Microsoft aiming to buy TikTok's entire global business**  
Microsoft is chasing a deal to buy all of TikTok's global business, the Financial Times reported, citing five people with knowledge of the talks.
- **ViacomCBS beats estimates for revenue, profit on streaming boost**  
ViacomCBS' quarterly results demonstrated a level of resilience, buoyed by demand for streaming, even as the coronavirus pandemic ravaged media businesses globally.
- **Bristol Myers lifts annual profit view on hopes of pickup in patient visits**  
Bristol Myers Squibb raised its annual profit forecast as it predicted a recovery in sales of its hospital-administered drugs, which had taken a hit to demand as patients avoided doctors' offices due to the COVID-19 pandemic.
- **Trump says coronavirus vaccine possible before November 3**  
U.S. President said it was possible the United States would have a coronavirus vaccine before the November 3 election, a more optimistic forecast on timing than anything suggested by his own White House health experts.

## Coming Up In Canada

- **Canada's unemployment rate** for July is forecast to rise 11%, after increasing 12.3% in June. Canada is expected to have added 400,000 jobs in July, following a record 952,900 jobs in June.

- Auto parts maker **Magna International Inc** is expected to report a loss in its second quarter, as the coronavirus-led lockdowns hurt production of new automobiles. Investors will look for comment on current-quarter outlook.

## Canada Top News

- **Bombardier sees higher deliveries of flagship jet, misses quarterly profit**

Bombardier aims to double deliveries of its flagship business jet during the back half of 2020 and break even this year on free cash, the company said after missing quarterly earnings, hurt by higher rail costs.

- **Restaurant Brands to close hundreds more outlets to weather pandemic**

Restaurant Brands said it will close hundreds more outlets this year as the owner of Burger King and Tim Hortons looks to shore up capital to weather a sales hit from the COVID-19 pandemic.

- **Bausch Health to spin off eye care business**

Bausch Health Companies said it would spin off its eye care unit, Bausch + Lomb, into a separate publicly listed company, seven years after acquiring it for nearly \$9 billion.

- **Canadian Natural Resources posts smaller-than-expected loss on cost cuts**

Canadian Natural Resources posted a smaller-than-expected quarterly loss as improved natural gas prices and cost cuts helped cushion the blow from the COVID-19 pandemic on its operations.

## Insight and Analysis

- **Uber pulls Latin American U-turn by joining taxi ranks**

Latin America's coronavirus crisis is forcing Uber to adopt the taxi model it was meant to drive off the streets of cities from Santiago to Medellin.

- **Risk coronavirus or default: ride-hail drivers face tough choices as U.S. aid expires**

Uber driver Johan Nijman faces a difficult decision as federal unemployment aid expires: risk failing to pay for groceries and even lose his home, or resume driving and potentially catch COVID-19.

- **Canadian dollar forecasts shift higher as commodity markets rally**

Strategists are raising their forecasts for the Canadian dollar as commodity prices rise and the domestic economy shows signs of recovery, according to a Reuters poll, with the loonie already gaining in recent months<sup>1</sup>.

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<sup>1</sup> August 2020. Source: Refinitiv. The Day Ahead.

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