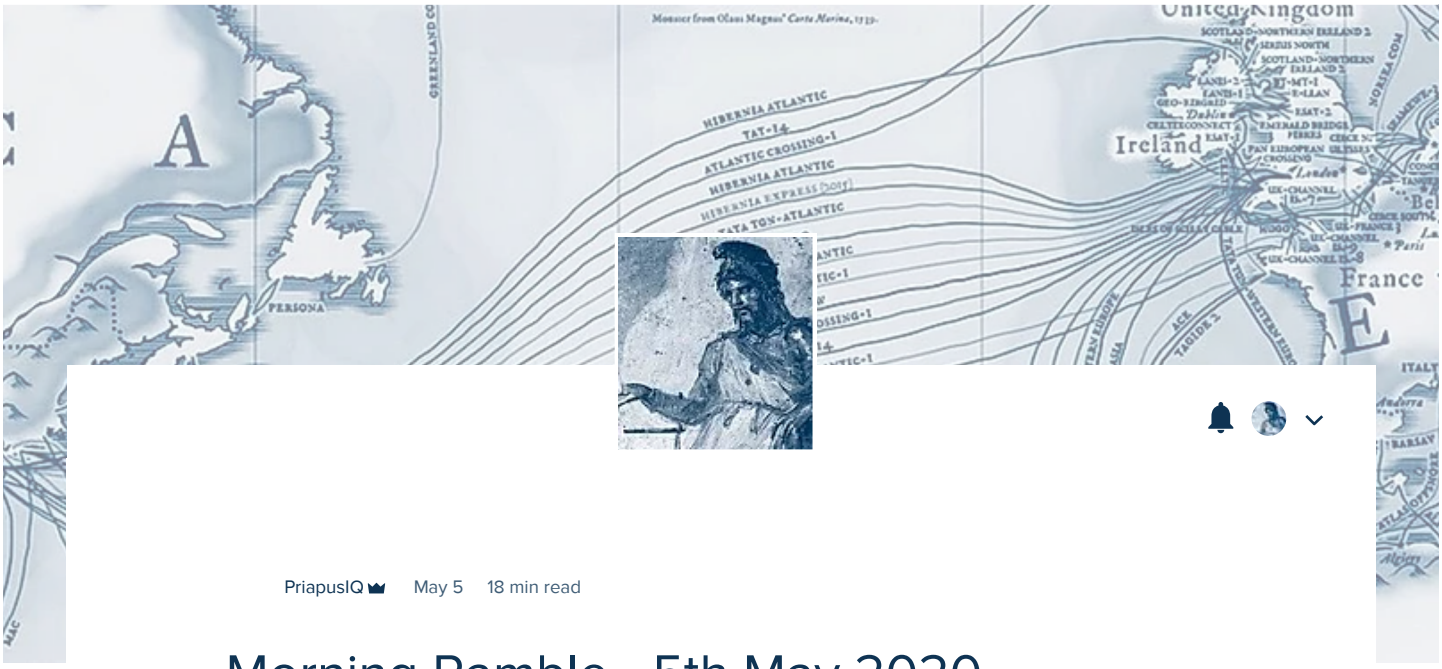
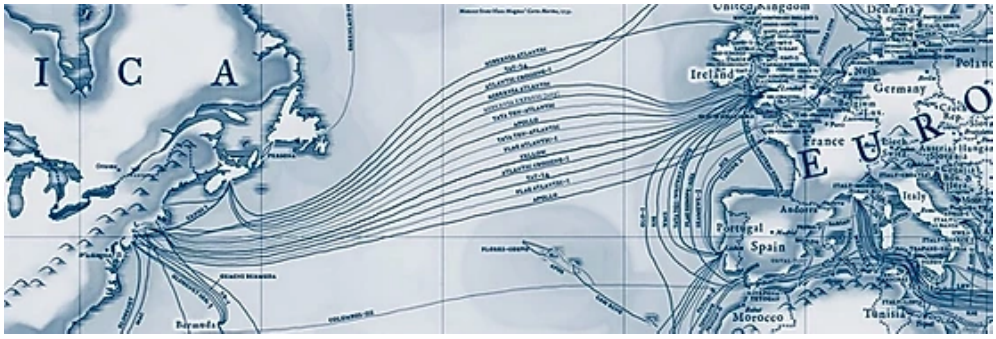


PriapusIQ May 5 18 min read

Morning Ramble - 5th May 2020



Won Direction...

So yesterday I mentioned that there are two EM currencies I'm looking at, well as a few of you have already asked PLUS there was a good little overview by Stratfor on South Korea I want to share, it makes sense just to come out with it today.

Hating on the Won shouldn't come as a surprise, there have been many headlines, economic releases and articles on the particularly all pointing towards a very uncertain future for the South Korean economy.

The Korean Won (KRW) has been getting progressively softer against USD for a few years, and with my current bullish view on King Dollar and my increasingly negative outlook for the Korean economy, it seems like the obvious trade.

One of my concerns is that the trade may be too obvious, though if I'm honest that rarely if ever dissuades me from putting on a position.

Back yourself, ignore the rest.

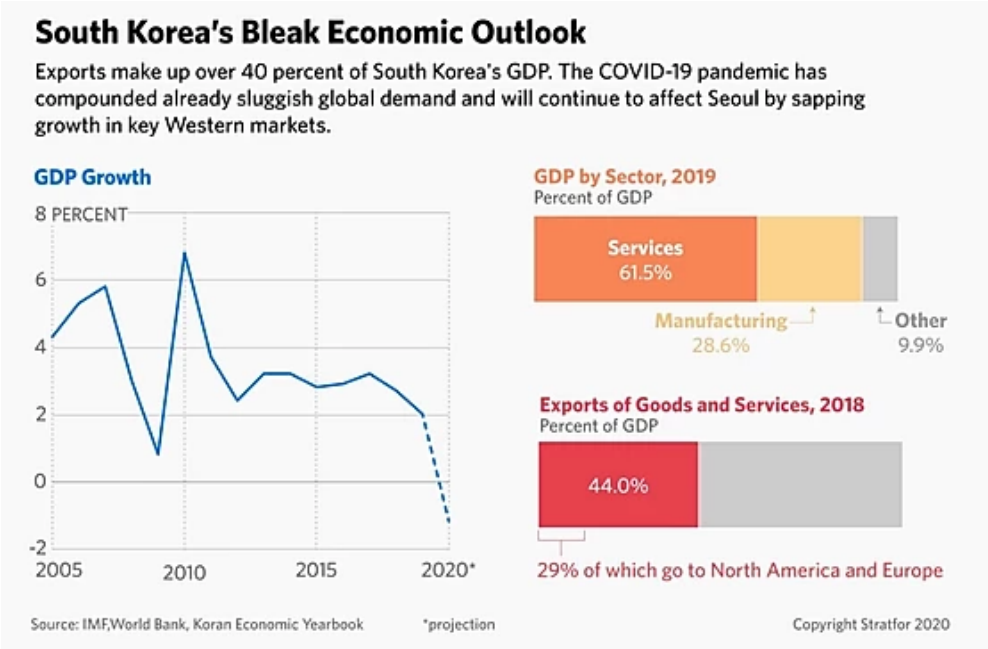
(USDKRW Below)

So that Stratfor article from yesterday –

With Its COVID-19 Outbreak Contained, South Korea Braces for the Global Fallout

As his country's COVID-19 outbreak wanes, South Korean President Moon Jae In is emerging from the battle stronger than ever, though the economic challenges ahead will impede his ability to translate that success into progress on his ambitious reform agenda. In early March, South Korea's epidemic was the worst outside of China, but it has since been far surpassed by COVID-19 outbreaks elsewhere. On April 30, new domestic spread in the country hit the milestone of dropping to zero after topping 10,000 cases overall. Despite its relatively quick recovery from the virus itself, however, South Korea's economic outlook will remain grim even after the rest of the world — and in particular, its top trade partners in North America and Europe — join it on the other side of COVID-19. In the meantime, the need to shore up growth amid a deepening global recession will delay Moon's promised progress on economic inequality issues and inter-Korean outreach.

Despite Moon's successful handling of COVID-19, however, the economic outlook for South Korea is bleak. Even before the worldwide pandemic, sluggish global demand was already sapping South Korean growth. The outbreak of COVID-19 in China and, later in South Korea, compounded these economic headaches in the first quarter. And now, even with China and South Korea coming back online, Seoul is already facing a second round of damage with outbreaks sapping growth in key Western markets.



This presents massive demand-side risks for a South Korean economy that generates 44 percent of GDP from exports. And 29 percent of these exports are bound for North American and European countries, many of which are still in the midst of battling their own COVID-19 outbreaks. The International Monetary Fund projects that overall global trade volume will contract by 11 percent in 2020, and that global GDP will drop 3 percent. For South Korea, in particular, the IMF forecasts a 1.2 percent contraction in 2020 GDP with a rebound to 3.4 percent in 2021. These projections, however, don't factor in the risk of a second wave of COVID-19 infections in late 2020 or early 2021. Initial data shows a nearly 27 percent drop in South Korean exports through the first 20 days of April. South Korea's first-quarter GDP grew 1.3 percent year-on-year — the weakest since 2009 and coming alongside central bank warnings of far worse numbers likely in the second quarter.

Moon's progressive government has already unleashed economic support measures through an initial $9.6 billion supplementary budget, with the second totaling $10.06 billion approved by lawmakers April 30. These first two tranches include enhanced healthcare measures, loans for businesses in addition to tax relief and cash handouts to all South Korean households. Moon has also promised a third supplementary budget to be announced in detail in June, which will focus on boosting domestic demand, as well as a $32.4 billion fund to allow businesses to retain workers, with a focus on worst-hit sectors such as the airline, shipping, communications and automotive industries.

This supplementary spending comes on top of an already planned $424 billion 2020 budget, with a focus on job creation, welfare spending and developing regions identified as potential growth drivers. The government has said it will fund these budgets with deficit-covering bonds, cost-cutting and budget reallocations. In terms of monetary policy, the South Korean central bank cut interest rates in mid-March from 1.25 percent to a record low of 0.75 percent — only the third time the bank has made such an emergency move, the others being in 2001 and 2008.

Revised Ambitions

Going forward, the economic playbook Moon largely used during the first half of his term will have to be largely scrapped. This will leave him with options to spur a recovery focused more on boosting employment rather than boosting incomes — his previous method via successive minimum wage hikes. In this, Moon will rely partly on enhanced government hiring, but will ultimately come to depend on the established players in the South Korean economy, namely the chaebols that dominate many sectors, further stalling his hopes of weakening their grip on the economy. This will also leave little space for addressing the more systemic, long-term economic issues such as income inequality and housing. Instead, these challenges — which

are difficult to address in even normal economic times — will now need to wait until late 2021 or beyond.

In terms of foreign policy, Moon's hoped-for outreach to North Korea will find itself thwarted by COVID-19 as well. With Pyongyang currently turned inward to deal with the fallout of its own likely domestic outbreak and possibly a political crisis around the rumored ill-health of leader Kim Jong Un, the regime is unlikely to reciprocate South Korean outreach, even as Seoul shifts its attention to reforging infrastructure and even economic links with its northern neighbor. More important, the inter-Korean dynamic is still beholden to Pyongyang's actions within the context of U.S.-North Korea relations. With talks already completely stalled out since the start of the year, the White House is now focused on its own domestic COVID-19 crisis and recession. And with U.S. President Donald Trump's re-election prospects unclear, a continued stalemate or even a return to confrontation are the most likely scenarios until the November vote and perhaps beyond.

As the article asserts, due to the South Korean economy's such heavy reliance on exports to Europe and the US, it doesn't particularly matter how well the domestic handling of COVID has been, without orders to fill, the economy is in trouble.

As we saw in last week's export data, Korea's exports fell 18% from a month ago in April, the sharpest sequential decline in more than three decades. Weakness was particularly pronounced for petroleum
products due to negative price effects as well as auto and auto parts due to demand weakness as well as logistical constraints from US and Europe lockdown measures. Due to a sharper contraction in exports relative to imports, the trade balance weakened to a deficit of US$0.9bn, for the first time since January 2012.

JPM noted at the time –

As April's sharp drop was led by COVID-19 shutdowns in trading partners, the outlook for exports recovery will depend on re-opening of activities in trading partners. Next week's manufacturing PMI exports order should hint at the scope of recovery, yet we think customs exports and manufacturing production are likely to remain depressed in 2Q. Meanwhile, as customs imports fell less severely than exports (falling 6.1%m/m sa), customs trade balance turned to a deficit (US$0.9bn) for the first time since January 2012. The manufacturing firms are likely to have tried to secure imported intermediate parts inventory to avoid sudden production disruption from COVID-19 impacts on global supply chain, thus we think the monthly trade deficit is temporary, as USD value imports are likely to be dragged down by a fall in global oil prices.

Now, as always, I'm laying out just a few pieces of the puzzle that I'm using to build up a clearer picture from which to base a trade around.

I encourage you to do your own research if this is a trade that interests you, or even better, if you dislike the trade, provide me with some information to change my mind.

In the meantime, I'll be looking to short the Won in the near future.

RBA Leave Policy Unchanged

The RBA left its interest rate target unchanged today at 0.25% on both the cash rate and 3-year bond yields. While this was widely expected, the RBA did expand the range of eligible collateral for repo operations to include more investment grade non-bank corporate bonds in

order to "assist with the smooth functioning of Australia's capital markets". The RBA also outlined its central economic forecast for a -6% GDP contraction in 2020 - broadly in line with our own - and a peak unemployment rate of 10%, although the RBA acknowledged downside risk to unemployment *"if the reduction in labour demand is accompanied by a larger reduction in average hours worked, rather than by people losing their jobs"*

Via GS -

Key data: RBA cash rate & 3-year bond yield target: 0.25% (GS: 0.25%, BBG: 0.25%, Prior: 0.25%).

Main Points:

On the monetary policy outlook, the RBA reiterated its strong forward guidance that monetary policy will remain accommodative: "the Bank will maintain its efforts to keep funding costs low in Australia and credit available to households and businesses. The Board is committed to do what it can to support jobs, incomes and businesses during this difficult period and to make sure that Australia is well placed for the expected recovery. The Board will not increase the cash rate target until progress is being made towards full employment and it is confident that inflation will be sustainably within the 2–3 per cent target band."

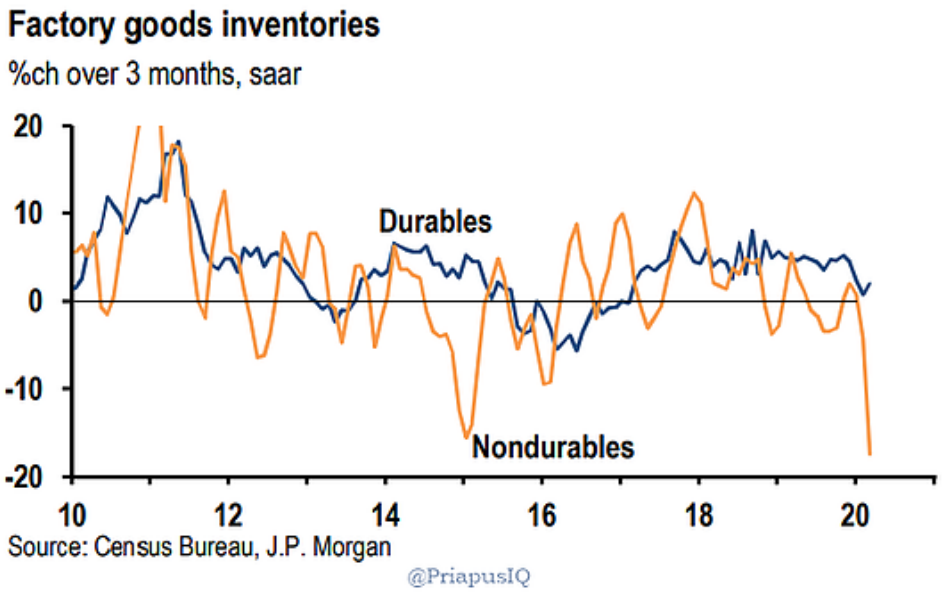
The RBA announced that it has broadened the range of eligible collateral for repo operations to include a broader range of investment grade AUD-denominated securities issued by non-bank corporations (previously high quality IG securities only). On asset purchases, the RBA noted it has scaled back the size and frequency of bond purchases given the improvement in market functioning, although it is prepared to scale up purchases again if necessary and reiterated that YCC will remain in place "until progress is being made towards the goals for full employment and inflation."

On the growth outlook, the RBA noted it expects GDP to decline around 10% in 1H2020 in its baseline scenario, with CY2020 GDP falling -6%. This is in line with earlier guidance from Governor Lowe and our own forecasts. On the labour market, the RBA noted it expects Australia's unemployment rate to rise to around 10% in the near-term and remain "above 7%" by end 2021. This is somewhat above our own forecasts, but the RBA noted downside risks if "the reduction in labour demand is accompanied by a larger reduction in average hours worked, rather than by people losing their jobs".

On CPI inflation, the RBA flagged outright deflation in 2Q2020, given weaker oil prices, the introduction of free child care and deferrals of various price increases. Further ahead, the RBA noted its baseline scenario was for inflation to rise to 1-1½ per cent in 2021 and then "gradually picks up". Given significant uncertainties around the outlook, the RBA also flagged it will release more pessimistic/optimistic macro scenarios in May's Statement on Monetary Policy – similar to our own recent scenario analysis.

On global conditions, the RBA noted "the global economy is experiencing a severe downturn" although "the containment measures have reduced infection rates in a number of countries. If this continues, a recovery in the global economy will start later this year, supported by both the large fiscal packages and the significant easing in monetary policies." The RBA also noted "financial markets are working more effectively than they were a month ago", reflecting both the decline in COVID-19 infection rates and the substantial measures undertaken by central banks and fiscal authorities.

Chart Of The Day - Big Miss On Inventories



via JPM

Perhaps the most interesting detail of the March factory goods report was the weakness in inventories that was far more severe than the BEA had factored into its first print of 1Q GDP that was released last week. With this latest data in hand, we lowered our tracking of 1Q real GDP growth by 0.8%-pt to -5.5% saar. The other main details of the report were less surprising —the 10.3% drop in the headline orders figure was close to expectations and the revisions to the important core capital goods data were minor. While many key economic indicators fell sharply in March, the core capital goods data held up reasonably well. Even though the core capital goods orders and shipments data don't show clear negative impacts of the spread of COVID-19, the recent trends for these series look soft.

Getting back to the inventory data, manufacturing inventories fell 0.8% in March, dragged down by a 3.2% drop in nondurable inventories. In last week's GDP report, the BEA had assumed that nondurable inventories declined $1.5bn between February and March, but the actual change came out at -$8.6bn. The BEA GDP report from last week showed an upside surprise in the inventory component relative to our forecast, but the 1Q data are now looking even weaker than the figure we had been expecting last week. With the latest information now in hand, we think the 1Q real change in inventories is tracking around -$57bn saar.

CV19 Roundup

Deaths

More than 3.59 million people have been reported to be infected by the novel coronavirus globally and 250,386 have died, according to a Reuters tally as of 0200 GMT on Tuesday.

Americas

* More than 1.18 million people have been infected in the United States and 68,869 have died, according to a Reuters tally, as of 0200 GMT on Tuesday.

* A newly revised coronavirus mortality model predicts nearly 135,000 Americans will die from COVID-19 by early August, almost double previous projections, researchers said.

* The U.S. Senate convened in Washington for the first time in nearly six weeks on Monday despite concern it might put lawmakers and staff at risk of contracting the new coronavirus.

* There have been 4,075 new cases in Brazil and 263 deaths over the last 24 hours and indigenous leaders in the country have asked the World Health Organization (WHO) to set up an emergency fund to help protect their communities.

* Total cases in Ecuador surpassed 30,000.

* Colombia again widened the government deficit limit for 2020, this time to 6.1% of the gross domestic product (GDP).

* Mexico registered 1,434 new cases and 117 additional fatalities, bringing the national tally to 24,905 cases and 2,271 deaths.

Europe

* Total cases in Germany increased by 685 to 163,860 and the death toll rose by 139 to 6,831.

* Britain's COVID-19 death toll has risen by 288 to 28,734.

* The death toll in Italy climbed by 195 on Monday, against 174 the day before.

* Total deaths in France rose above 25,000 on Monday.

* Italy and Spain were among a slew of countries easing lockdown restrictions on Monday, but officials cautioned against moving too swiftly.

* The coronavirus reproduction rate in Poland is falling and authorities expect it to reach 1 in the coming days.

* Total cases in Russia rose by 10,581 over the past 24 hours, compared with 10,633 the previous day.

Asia-Pacific

* China reported one new case for May 4, down from three the day before. Total cases in China stand at 82,881, while the death toll remained at 4,633.

* Bangladesh reported more than 10,000 cases on Monday.

* New Zealand recorded no new cases for a second day, and Prime Minister Jacinda Ardern said the outcome of her discussions with Australia on a travel bubble between the two countries would be announced later in the day.

Middle East & Africa

* The death toll in Iran rose by 74 in the past 24 hours to 6,277.

* A plane carrying aid supplies for use in the fight against the coronavirus crashed in Somalia on Monday, killing all six people on board.

* Syrian President Bashar al-Assad warned the country could face a "real catastrophe" if cases spike and overwhelm health services.

Economic Fallout

* Asian stocks rose, tracking a late Wall Street rally as governments eased coronavirus lockdowns while oil extended gains on expectations fuel demand would begin to pick up.

* Australia will lose about A$4 billion ($2.6 billion) every week due to restrictions on movement and economic activity, according to excerpts of Treasurer Josh Frydenberg's speech seen by Reuters.

* The outlook for the Federal Reserve's balance sheet is "highly uncertain" given the economic deterioration caused by the pandemic, the New York Fed said in a report.

* Hong Kong's economy recorded in the first quarter its deepest annual contraction since at least 1974.

* Indonesia's economic growth in the first quarter slowed significantly more than expected to the weakest in nearly two decades.

* Egypt's non-oil private sector activity collapsed in April, a survey showed.

Headline Roundup

U.S. Futures, Asian Stocks Head Higher; Oil Gains

U.S. futures and stocks in Asia rose Tuesday, with a few markets closed for holidays, as a number of economies move toward easing lockdowns. Crude oil gained for a fifth consecutive day.

S&P 500 futures climbed after the index staged a turnaround late Monday to end firmer as California sounded a note of optimism in its fight against the virus. Stocks outperformed in Australia and also rose in Singapore. Hong Kong was up, even after a record drop in GDP. Markets are closed in Japan, China and South Korea. The Aussie pared gains after the Reserve Bank of Australia left rates unchanged. West Texas oil extended gains. Treasuries won't trade until London opens.

Global stocks remain on shaky ground as U.S.-China discord flared again. Investors are weighing fears of a second wave of infections and a steady stream of bad economic data against efforts by many countries to start easing lockdown restrictions.

"That feedback from the economic data is unlikely to show signs of improvement at least until Q3," Jingyi Pan, IG Asia Market Strategist, said on Bloomberg TV, adding that they are advising clients to position more defensively. "At this point in time, the market is really riding on these reopening expectations."

As global deaths from the pandemic topped 251,000, California, the first state to shut down its economy over Covid-19, will start loosening its lockdown on Friday. Italy began to reopen its economy after two months, but the premier's plan was criticized for being too cautious. Spain started to relax its lockdown regime after weeks of confinement. Hong Kong's leader said the city may relax virus restrictions "soon."

Stocks

S&P 500 futures gained 0.7% as of 12:20 p.m. in Hong Kong. The S&P 500 Index gained 0.4%.

Australia's S&P/ASX 200 Index rose 1.3%.
Hong Kong's Hang Seng Index rose 0.5%.
Euro Stoxx 50 futures gained 1.5%.

Currencies

The Japanese yen was at 106.63 per dollar, up 0.1%.
The euro was at $1.0903.
The British pound traded at $1.2464, up 0.2%.
China's offshore yuan was up 0.2% at 7.1180 per dollar.

Bonds

The yield on 10-year Treasuries gained two basis points Monday, to 0.63%.
Australia's 10-year bond yield rose more than three basis points to 0.87%.

Commodities

West Texas Intermediate crude rose 7% to $21.81 a barrel.
Gold slipped 0.2% to $1,698.58 an ounce.

California Is First State to Borrow From Federal Government to Make Unemployment Payments

California has become the first state to borrow money from the federal government so it can continue paying out rising claims for unemployment benefits during the coronavirus pandemic.

The Golden State borrowed $348 million in federal funds after receiving approval to tap up to $10 billion for this purpose through the end of July, a Treasury Department spokesman said Monday.

The U.S. government also has approved loans of up to $12.6 billion for Illinois and up to $1.1 billion for Connecticut through the end of July to replenish state unemployment-insurance funds, though the two states hadn't yet started borrowing by the end of April. California was the only state to have accessed the program so far in the current downturn, the Treasury spokesman said.

States can use the money to pay regular unemployment benefits, while the extra $600 weekly payments recently added for workers laid off during the pandemic are funded separately through federal emergency legislation signed into law in late March.

More than 30 million people have filed unemployment claims, including about 3.7 million in California, since mid-March, when the virus led to widespread business shutdowns.

California had about $1.9 billion in its unemployment trust fund in mid-April, down from $3.1 billion at the end of February, the month before the coronavirus upended the U.S. economy. The state's labor department didn't immediately respond to a request for comment.

The unprecedented surge in claims, a proxy for layoffs, is forcing many states to quickly draw down their unemployment trust funds. Nearly half of U.S. states experienced double-digit percentage declines in their trust-fund balances from the end of February through mid-April, according to a Wall Street Journal analysis of Treasury Department data.

California serves as an early sign of the potential magnitude of the federal assistance that could be required if states are to continue paying out jobless benefits. It is one of more than 20 states and jurisdictions that entered the current economic crisis without enough money in

their unemployment trust funds to pay benefits through a yearlong recession, according to Labor Department data. By that measure, California was prepared to make unemployment payments for just over two months in the event of a recession.

Presidential Tweets Drive Volatility in Interest-Rate Options

President Donald Trump's tweets are increasingly driving swings in the $25 trillion market for using options to bet on U.S. interest rates.

Interest-rate options markets are 60% more sensitive to tweets from President Trump than back in September, according to JPMorgan Chase analysts who launched a proprietary index tracking what drives volatility in the options contracts.

As investors have grown increasingly focused on government policy in recent months, with battles over trade and the response to the economic fallout from the pandemic, presidential tweets have prompted more swings in the interest-rate options markets, the analysts wrote.

That's a shift after decades in which swings in those markets were largely driven by liquidity—the ability for buyers and sellers to find one another and transact without pushing prices up or down too much, the analysts said.

Investors have debated the effects of President Trump's tweets on prices in financial markets over the past few years. Traders said at the very least they have noticed more violent moves timed with the president's pronouncements on the social-media outlet.

Tweets around subjects under White House control—such as tariffs or personnel announcements—move the interest-rate options market most and the content typically has to be relevant to whatever investors are focusing on, said Josh Younger, head of interest-rate derivative research at JPMorgan.

While the content of Mr. Trump's tweets right now contains less information of use to interest-rate markets than during recent trade negotiations, Mr. Younger said interest-rate options prices remain more sensitive to the president's feed compared with six months ago.

"The impact of Presidential tweets cuts both ways," said Mr. Younger. "Whereas this channel was a material driver of volatility for much of 2019, more recent shifts in content have significantly dampened their impact. But it is arguably more important to focus on market sensitivity to, rather than the level of, this driver."

Oil Majors Delay Deals Amid Volatile Crude Prices, Lockdowns

Before Covid-19 and the oil-price rout, most of the world's biggest energy companies had planned to sell billions in assets to help pay down debt and maintain dividends. Now, those divestment programs are in jeopardy.

Since the start of the year, BP , Exxon Mobil Corp. and Occidental Petroleum Corp. have had major asset sales restructured or delayed indefinitely as coronavirus lockdown restrictions decimated energy demand and oil prices fell by two-thirds.

Oil companies have moved to slash costs and spending as prices have plunged. In the most extreme cases, some have cut dividends. Many leadership teams in the industry had previously seen asset sales as a way to strengthen finances but their options are narrowing as buyers focus on conserving cash and banks rein-in deal financing as the possibility of a global recession becomes more likely.

"There's massive uncertainty on what the world's going to look like post this virus and what it

means for oil and gas prices, so buyers will be hesitant to commit capital," said Biraj Borkhataria, co-head of European energy research at RBC Capital Markets.

The slide in oil prices is threatening the sector's most extensive divestment program—Exxon's plan to raise $25 billion from asset sales by 2025.

The company has indefinitely postponed the sale of $2 billion in oil and gas assets in the North Sea. Earlier this year, the company hired advisers to launch the sales process but the effort has been delayed due to market conditions, according to two people familiar with the matter.

Exxon remains motivated to sell some of its assets but will have to find interested buyers to do so, said Chief Executive Darren Woods on Friday. "It's going to be harder to do that in an environment like this, where people are strapped of cash, so I would expect to see that divestment program slow," he said.

Exxon declined to comment on the delayed sale of its North Sea assets.

Irish Banks Again Europe's Worst Performer as Crashes Pile Up

Once again, Irish banks are at the sharp edge of a global crisis.

In 2008, it was the melting away of liquidity. Just over a decade on, it's Covid-19. AIB Group Plc and Bank of Ireland Group Plc are the worst performers in the Bloomberg Europe Banks and Financial Services Index over the past year, as the pandemic amplifies investor wariness toward the lenders.

To an extent, the legacy of the last crisis is shaping investor responses toward Ireland's lenders this time round. After one of the worst real-estate crashes in history, the taxpayer had to bail out the entire sector and remains a key player to this day. The government still controls 71% of AIB, 14% of Bank of Ireland and 75% of Permanent TSB Group Holdings Plc.

"Investors have been concerned that the banks could be forced to lend into what is clearly a massive downturn and so be left with significant losses," Eamonn Hughes, an analyst at Goodbody Stockbrokers, said.

While the lenders operate at arms length from the state, that message doesn't always filter through, Hughes said. Last week, a finance ministry official addressed bank investors and analysts online, in what the ministry described as routine "two-way communication with equity investors."

"Investors have been concerned that the banks could be forced to lend into what is clearly a massive downturn and so be left with significant losses," Hughes said.

Bank of Ireland shares have lost 49% since March 1. AIB has dived 44% and Permanent TSB has dropped 40%. AIB shares closed at 1.17 euros ($1.28) on Monday, far below the 4.40 euros per share price when the government sold a stake three years ago, in what was meant to be a key step in the gradual unwinding of its bank stakes.

Instead, the government has remained a significant shareholder across the sector, leaving it vulnerable to political crosswinds.

"Irish banks have been on the wrong end of investor sentiment for some time, be it due to Brexit, weak lending, low interest rates or domestic politics," Stephen Lyons, an analyst at Dublin-based securities firm Davy, said. "That negativity has impacted on market support into an uncertain coronavirus outlook."

Model Portfolio

Bit of a 'meh' day yesterday, looked like we were in for some quite sizable Risk-Off flow, only for what appeared to be a return of the BTFD'ers stepping in to reverse the weak European trade.

Apart from the Won trade which I may pull the trigger on today, still keen on buying dips in gold and also I could be persuaded add to my long US Treasuries position, though I'm in no immediate rush.

As always, check @PiQViP for any updates throughout the day.

Entry					Exit		
Date	Product	B/S	Size (futs)	Price	Date	Price	PnL
24/01/2020	CL	S	2	53.96	31/01/2020	51.25	$5,420
24/01/2020	GCJ0	B	2	1571.00	19/02/2020	1612.50	$8,300
28/01/2020	GCJ0	B	2	1573.00	24/03/2020	1637.50	$12,900
28/01/2020	ZNH0	B	2	130 '27	27/02/2020	133 '12	$5,063
29/01/2020	CL	S	2	54.30	29/01/2020	53.20	$2,200
31/01/2020	CL	S	2	52.38	03/02/2020	51.70	$1,360
31/01/2020	CL	S	2	52.25	03/02/2020	51.70	$1,100
06/02/2020	GBPUSD	B	6	1.30	16/03/2020	1.22	-$28,538
17/02/2020	FGBLH0	S	1	174.45	03/03/2020	177.20	-$3,053
21/02/2020	RTYH0	S	2	1688.70	03/03/2020	1487.00	$20,170
21/02/2020	EURUSD	S	2	1.08	16/03/2020	1.11	-$7,963
27/02/2020	EURGBP	S	2	0.85	16/03/2020	0.88	-$18,542
27/02/2020	ZNM0	B	2	133 '7	03/04/2020	139.13	$11,842
28/02/2020	CLJ0	B	1	45.98	05/03/2020	45.98	$0
28/02/2020	CLJ0	B	1	45.98	03/03/2020	48.15	$2,200
03/03/2020	RTYH0	S	2	1521.00	12/03/2020	1150.00	$37,100
03/03/2020	FGBLM0	S	1	174.39	03/04/2020	172.14	$2,490
03/03/2020	RTYH0	S	2	1541.00	20/03/2020	1273.60	$45,500
04/03/2020	EURGBP	S	2	0.87	16/03/2020	0.91	-$11,388
05/03/2020	ESH0	S	2	3083.00	06/03/2020	2952.50	$13,050
10/03/2020	RTYH0	S	2	1350.00	20/03/2020	0.65	$26,400
13/03/2020	GCJ0	B	2	1582.60	31/03/2020	1604.40	$4,360
16/03/2020	EURGBP	S	4	0.92	OPEN	0.8753	$25,275
16/03/2020	GBPUSD	B	6	1.23	OPEN	1.2472	$7,988
16/03/2020	EURUSD	S	2	1.12	OPEN	1.0915	$7,813
18/03/2020	CLK0	B	3	21.75	02/04/2020	26.75	$15,000
19/03/2020	GCJ0	B	2	1476.40	31/03/2020	1604.40	$25,600
20/03/2020	RTYM0	S	4	1077.70	OPEN	1273.60	-$39,180
26/03/2020	RTYM0	S	2	1074.00	OPEN	1273.60	-$19,960
31/03/2020	GCM0	B	2	1618.50	15/04/2020	1736.50	$23,600
18/03/2020	CLK0	B	2	21.75	08/04/2020	24.30	$5,100
08/04/2020	RTYM0	S	2	1175.60	OPEN	1273.60	-$9,800
15/04/2020	GCM0	B	2	1618.50	OPEN	1708.30	$17,960
16/04/2020	6AM0	S	2	0.6305	OPEN	0.6460	-$3,100
24/04/2020	6CM0	S	2	0.7090	OPEN	0.7121	-$610
29/04/2020	ZBM0	B	2	182 '10	OPEN	180 12/32	-$3,875
30/04/2020	6CM0	S	2	0.7193	OPEN	0.7121	$1,450
01/05/2020	CLM0	S	2	19.15	OPEN	21.83	-$5,360
							$177,871

Looking Ahead

The highlight of the day is obviously the German Court ruling on the legality of the ECB's QE programme, as we spoke about yesterday, expect fireworks IF the court deems it illegal, though its quite unlikely this is the outcome.

But hey, its 2020, stranger things have happened!

I will post a new piece on today's courtroom action on Twitter soon as I've posted today's Morning Ramble.

Have a great day, keep it tight.

Economic Data 5th May

BST	Country	Relevance	Indicator Name	Period	Poll	Prior	Min	Max
5:30	Australia	High	RBA Cash Rate	May	0.25%	0.25%	0.25%	0.25%
6:45	Switzerland	Low	Consumer Confidence	Q2		-7		
6:45	Switzerland		Consumer Confidence SA	Q2		-9.4		
7:30	Switzerland	Medium	CPI MM	Apr	-0.10%	0.10%	-0.40%	0.00%
7:30	Switzerland	Medium	CPI YY	Apr	-0.80%	-0.50%	-1.10%	-0.30%
7:30	Switzerland		CPI NSA	Apr		101.7		
7:45	France	Low	Budget Balance	Mar		-35.21B		
8:30	Sweden	Low	New Orders Manuf. YY	Mar		5.90%		
8:30	Sweden	Medium	Private Production YY	Mar		0.60%		
8:30	Sweden	Medium	Private Production MM	Mar		-0.30%		
8:30	Sweden	Medium	Ind Production Val YY	Mar		-0.20%		
8:30	Sweden	Medium	Ind Production Val MM	Mar		-0.40%		
8:30	Sweden	Low	Services Production YY	Mar		2.20%		
8:30	Sweden	Low	Construction Prod YY	Mar		-7.90%		
8:30	Sweden	Low	Construction Prod MM	Mar		1.40%		
9:00	United Kingdom		New Passenger Cars Registration	Apr		254,684		
9:30	United Kingdom	Medium	Markit/CIPS Serv PMI Final	Apr	12.2	12.3	10	13
9:30	United Kingdom		Composite PMI Final	Apr	12.9	12.9	9	12.9
9:30	United Kingdom	High	Reserve Assets Total	Apr		175,121.55M		
10:00	Norway		Housing Prices MM SA	Apr		-1.40%		
10:00	Norway	Medium	Housing Prices YY	Apr		1.50%		
10:00	Euro Zone	Medium	Producer Prices MM	Mar	-1.30%	-0.60%	-1.50%	-0.10%
10:00	Euro Zone	Medium	Producer Prices YY	Mar	-2.60%	-1.30%	-2.70%	-1.40%
13:00	New Zealand	Low	Dairy Prices	5 May, w/e		-4.20%		
13:00	New Zealand	High	Milk Auctions	5 May, w/e		2,836		
13:15	Canada		Reserve Assets Total	Apr		86,100M		
13:30	United States	High	International Trade $	Mar	-44.0B	-39.9B	-48.0B	-14.7B
13:30	United States		Goods Trade Balance (R)	Mar		-64.22B		
13:30	Canada	High	Trade Balance C$	Mar	-2.00B	-0.98B	-3.30B	-0.20B
13:30	Canada	Low	Exports C$	Mar	45.00B	48.34B	43.00B	46.60B
13:30	Canada	Low	Imports C$	Mar	45.80B	49.32B	44.80B	47.30B
13:55	United States	Low	Redbook MM	2 May, w/e		-11.80%		
13:55	United States	Low	Redbook YY	2 May, w/e		-8.10%		
14:45	United States	High	Markit Comp Final PMI	Apr		27.4		
14:45	United States	High	Markit Svcs PMI Final	Apr		27		
15:00	United States	High	ISM N-Mfg PMI	Apr		52.5		
15:00	United States	Low	ISM N-Mfg Bus Act	Apr		48		
15:00	United States	Low	ISM N-Mfg Employment Idx	Apr		47		
15:00	United States	Low	ISM N-Mfg New Orders Idx	Apr		52.9		
15:00	United States	Low	ISM N-Mfg Price Paid Idx	Apr		50		
21:30	United States		API weekly crude stocks	27 Apr, w/e				
21:30	United States		API weekly gasoline stk	27 Apr, w/e				
21:30	United States		API weekly dist. stocks	27 Apr, w/e				
21:30	United States		API weekly heating oil	27 Apr, w/e				
21:30	United States		API weekly crude imports	27 Apr, w/e				
21:30	United States		API weekly product imports	27 Apr, w/e				
21:30	United States		API weekly crude runs	27 Apr, w/e				
21:30	United States		API Cushing number	27 Apr, w/e				
22:45	New Zealand	High	Labour Cost Index - QQ	Q1	0.40%	0.60%	0.10%	0.50%
22:45	New Zealand	High	Labour Cost Index - YY	Q1	2.50%	2.40%	2.30%	2.50%
23:45	New Zealand	High	HLFS Unemployment Rate	Q1	4.30%	4.00%	4.20%	4.60%
23:45	New Zealand	Medium	HLFS Job Growth QQ	Q1	-0.30%	0.00%	-0.90%	-0.10%
23:45	New Zealand	Medium	HLFS Participation Rate	Q1	69.90%	70.10%	69.30%	70.20%

Speakers/Events

BST	Country	Event
5:30	Australia	Reserve Bank of Australia (RBA) holds interest rate meeting
9:00	EU	EU employment and social affairs ministers hold video conference on pandemic effects on jobs
9:40	Germany	Participation by ECB's Executive Board member Mr Yves Mersch in panel discussion "How are banks doing and what can they do to stimulate the economy?" at event "Covid-19 and the effects on banks in Germany - online event" organized by Deutsche Bundesbank
10:00	EU	Introductory remarks by Chair of the Supervisory Board Mr Andrea Enria via videoconference at the ECON Committee Public Hearing
15:00	United States	Federal Reserve Bank of Chicago President Charles Evans holds drop-in media conference call
15:00	Mexico	Mexico's central bank will publish the minutes corresponding to its April 21 out-of-calendar decision to cut interest rates
16:00	United States	Federal Reserve Bank of New York releases Q1 2020 Household Debt and Credit Report, an updated snapshot of household trends in borrowing and indebtedness, including mortgages, student loans, credit cards, and auto loans data
19:00	United States	Federal Reserve Bank of Atlanta President Raphael Bostic speaks on "How Affordable Housing and Nonprofit Service Providers Can Help Low-Wage Earners during Covid-19 and Beyond" in an Enterprise Community Partners webinar
19:00	United States	Federal Reserve Bank of St. Louis President James Bullard gives informal remarks and participates in moderated conversation via Zoom before the National Association for Business Economics "Perspectives on the Pandemic" webinar

Tuesday, May 5, 2020									
Communication Services	**Activision Blizzard**	ATVI	12 %	$ 51	$ 0.38	$ 0.03	(3)%	21 %	26.6 x
	Electronic Arts	EA	6	33	0.99	0.05	1	(25)	24.4
	Walt Disney	DIS	(30)	182	0.97	0.21	(32)	(40)	39.7
Consumer Discretionary	**Aptiv PLC**	APTV	(36)%	$ 16	$ 0.38	$ 0.27	(66)%	(63)%	18.9 x
Consumer Staples	**Sysco Corp.**	SYY	(41)%	$ 25	$ 0.66	$ 0.15	(20)%	(16)%	19.9 x
Energy	**Devon Energy Corp.**	DVN	(59)%	$ 4	$(0.25)	$ 0.15	NM	NM	NM
	Marathon Petroleum	MPC	(57)	17	(0.34)	0.26	NM	(276)	NM
	Occidental Petroleum	OXY	(64)	12	(0.63)	0.20	NM	NM	NM

Sector	Company name	Ticker	YTD Return	Mkt Cap ($ bil)	Consensus 1Q 2020 EPS	Std. Dev.	3 Mo Revision	Yr/Yr Growth	P/E (NTM)
Tuesday, May 5, 2020 (continued)									
Financials	**Allstate Corp.**	ALL	(11)%	$ 32	$ 3.44	$ 0.68	21 %	50 %	8.8 x
	Assurant Inc.	AIZ	(22)	6	2.43	0.09	(3)	10	11.1
	Prudential Financial	PRU	(43)	21	2.81	0.13	(7)	(6)	4.9
Health Care	**DaVita Inc.**	DVA	(2)%	$ 9	$ 1.47	$ 0.07	13 %	61 %	12.1 x
	Henry Schein Inc.	HSIC	(23)	8	0.74	0.15	(15)	(8)	16.9
	Incyte Corp.	INCY	17	22	(0.03)	1.47	NM	NM	39.5
	PerkinElmer Inc.	PKI	(10)	10	0.53	0.15	(25)	(23)	21.9
	Regeneron Pharmaceuticals	REGN	51	61	6.00	0.62	(5)	35	17.1
Industrials	**A. O. Smith Corp.**	AOS	(16)%	$ 5	$ 0.36	$ 0.10	(29)%	(33)%	20.4 x
	Alaska Air Group	ALK	(58)	3	(0.94)	0.68	NM	NM	NM
	AMETEK Inc.	AME	(24)	17	0.96	0.07	(7)	(4)	20.6
	Expeditors Intl	EXPD	(10)	12	0.64	0.05	(22)	(20)	22.8
	Howmet Aerospace	HWM	(56)	5	0.45	0.10	(12)	5	8.2
	Illinois Tool Works	ITW	(13)	50	1.70	0.08	(10)	(6)	25.0
	L3Harris Technologies	LHX	(4)	42	2.65	0.08	1	19	16.4
	Republic Services	RSG	(14)	24	0.76	0.05	(7)	4	27.4
	Trane Technologies	TT	(18)	20	0.50	0.08	(43)	(44)	21.8
	TransDigm Group	TDG	(44)	17	4.33	0.55	(15)	3	23.7
	Verisk Analytics	VRSK	(1)	24	1.13	0.03	(0)	10	30.6
	Xylem Inc.	XYL	(13)	12	0.38	0.07	(33)	(27)	27.8

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Tuesday, May 5, 2020 (continued)									
Information Technology	**Arista Networks**	ANET	3 %	$ 16	$ 1.82	$ 0.12	(7)%	(21)%	25.3 x
	IPG Photonics Corp.	IPGP	(20)	6	0.17	0.05	(78)	(85)	45.8
	KLA Corp.	KLAC	(10)	25	2.33	0.15	(5)	30	17.3
	Leidos Holdings	LDOS	1	14	1.18	0.18	(4)	5	18.3
	Western Union	WU	(28)	8	0.42	0.03	(7)	2	11.0
Materials	**DuPont**	DD	(35)%	$ 31	$ 0.75	$ 0.08	(20)%	(70)%	13.2 x
	FMC Corp.	FMC	(12)	11	1.78	0.04	(5)	4	13.9
	Martin Marietta Materials	MLM	(36)	11	0.53	0.14	(30)	12	19.1
	Newmont Corp.	NEM	44	51	0.42	0.05	(7)	27	27.0
	Sealed Air Corp.	SEE	(29)	4	0.59	0.02	(9)	0	10.4
	WestRock Co.	WRK	(32)	7	0.61	0.03	(6)	(24)	10.4
Real Estate	**Equity Residential**	EQR	(20)%	$ 24	$ 0.87	$ 0.01	(0)%	6 %	18.3 x
	Healthpeak Properties	PEAK	(29)	12	0.02		(96)	(95)	101.9
	SBA Communications	SBAC	27	35	0.40	0.05	(6)	76	174.4
Utilities	**Dominion Energy**	D	(6)%	$ 63	$ 1.10	$ 0.03	(2)%	(0)%	17.6 x

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