

# FLASH BOURSIER

## TRUMP CIRCUMVENTS CONGRESS ON NEW STIMULUS PACKAGE

**Highlights:**

**More federal  
money for US  
unemployed**

**Gold trading  
at all-time  
high**

### Overview

Shares have continued to storm ahead amid lower volatility, even though the news on Covid-19 has hardly given reason for cheer. Reporting season is drawing to a close in the US and by and large, earnings have been marginally better than expected, particularly from industrial and tech companies. Even so, market participants are pretty cagey, keeping a close eye on the spat between the US and China, which could worsen in the future. Nonetheless, the two superpowers are expected to finalise a deal on import duties towards the end of this week. Elsewhere, an agreement has not yet been reached in Congress, where Democrats and Republicans continue to dither over the terms of the new fiscal bazooka. Losing patience in the run-up to the November elections, Donald Trump went ahead and signed a series of executive orders to provide rapid financial assistance to unemployed Americans. Among other things, the federal weekly allowance granted to the unemployed – in addition to money allocated by individual states – is set at USD 400. This is likely to give rise to legal challenges because, under the US Constitution, federal spending falls within the remit of Congress.

Commodity and precious metal prices – which investors hold to shield against inflation – have continued to appreciate in tandem with the sliding yield on US Treasury bonds. This is because the Fed would likely keep its intervention

rate at zero even if inflation were to crank up. Gold is trading at an all-time high of over USD 2,000 per ounce, rising by 33% since the beginning of the year, which incidentally pales in comparison to silver, the price of which is up 58% year to date. Many factors are supporting this upward trend, including the dollar depreciation, negative interest rates in EUR and CHF, and market distortions caused by the coronavirus.

Economic statistics were encouraging overall last week. In the US the unemployment rate dropped to 10.2% in July, short of the expected 10.6%. Job creation was also better than expected, although not as impressive as in May and June, as the pandemic started to bite again. In Europe, private-sector growth has been restored. We are also seeing a recovery in the German automotive sector, from which increased exports are anticipated. In China, the manufacturing sector is rebounding. Foreign trade figures (exports +7%) are encouraging, even if the services sector is struggling to recover.



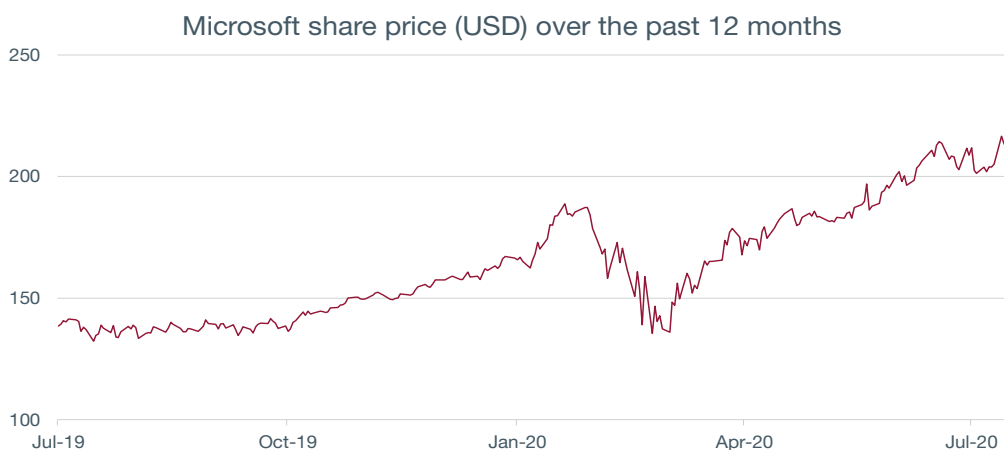
SMI consolidated in a sideways fashion last week after reaching the target at 10500 points. It would take a close above 10450 points to issue a bullish signal.

### Key data

	USD/CHF	EUR/CHF	SMI	EURO STOXX 50	DAX 30	CAC 40	FTSE 100	S&P 500	NASDAQ	NIKKEI	MSCI EMERGING MARKETS
<b>Latest</b>	0.91	1.08	10'068.03	3'252.65	12'674.88	4'889.52	5'935.98	3'351.28	11'010.98	22'329.94	1'089.32
<b>Trend</b>	↓	➡	↓	↓	➡	↓	↓	↑	↑	➡	↑
<b>%YTD</b>	-5.70%	-0.91%	-5.17%	-13.15%	-4.33%	-18.21%	-21.30%	3.73%	22.72%	-5.61%	-2.27%

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## MICROSOFT/TIKTOK: STAR-CROSSED LOVERS?



Satya Nadella, Microsoft CEO, was conspicuous by his absence from the hearing before the US Congress antitrust committee on 29 July, where the GAFAs (Google, Alphabet, Facebook and Apple) were in attendance. This was despite the fact that Microsoft, the world's second-largest group by market capitalisation, has also built up its own empire through acquisitions. Clearly the Redmond-based firm does not arouse as much fear and suspicion as its rivals do.

Microsoft stands in the spotlight today following the announcement that it will acquire the US operations of TikTok, an application hosting short videos. This marks a new step forward for Microsoft, which wants to catch up in 'recreational' social media.

The only drawback is that TikTok is owned by ByteDance, a Chinese company. This proposed takeover comes on the heels of Donald Trump's declarations aiming to ban TikTok and WeChat (another Chinese application) from the US territory. He has given Microsoft until 15 September to find a satisfactory agreement. Donald Trump is particularly hostile to Chinese applications which, according to him, constitute a threat to American security by harvesting data from users.

### Authors:

**Julien Stähli**,  
Head of discretionary  
management,  
MBF Boston University

**Jean-Paul Jeckelmann**,  
CIO, CFA

**Françoise Mensi**,  
Ph.D in Economics

**Pierre-François Donzé**,  
M. Sc. in Economics

**Valentin Girard**,  
CFA, MScF Université de  
Neuchâtel

**Karine Patron**,  
MScF Université de  
Neuchâtel

### Contact:

**Banque Bonhôte & Cie SA**  
2, quai Ostervald  
2001 Neuchâtel / Switzerland  
T. +41 32 722 10 00  
contact@bonhote.ch  
www.bonhote.ch

 facebook.com/  
banquebonhote

 linkedin.com/company/  
banque-bonh-te-&-cie-sa

 twitter.com/  
alexvincent

 instagram.com/  
banquebonhote

 youtube.com/  
banquebonhote1815

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