

Economy & Finance

Today's Stock Markets, 7 October. Trump blocks the new stimulus plan, prices remain uncertain

After the disappointment of the American presidential debate, investor attention is focused on the encounter between the vice presidential candidates. Germany – industry down in August

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MILAN – Donald Trump's decision to freeze talks with Democrats on the new US economic stimulus plan, at least until next month's election, has left the markets in suspense. Federal Reserve Chairman Jerome Powell's appeals to avoid inflicting "unnecessary hardships" on Americans in the absence of new federal aid have so far gone unheeded. No agreement has been reached on the Democrats' \$2.2 trillion proposal and the \$1.6 trillion plan that the White House has offered.



Asian equities are moving in a disjointed way, after Wall Street's negative closure and European futures set for a downward trend.

Tokyo falls by 0.31%, while **Hong Kong** and **Seoul** move up by 0.54% and 0.6% respectively. Shanghai is closed for holidays. Last night, Trump's decision pushed down prices: the Dow Jones lost 1.3%, the S&P 500 1.4% and the Nasdaq 1.75%. Futures showed a very slight rebound today.

Massimiliano Cagliero, founder and CEO of Banor Sim, notes how the US markets are pushing forwards regardless, although there have been two potentially "upsetting" events in recent times. The first was the presidential debate, about which his opinion leaves little doubt. "The fact that the United States of America, a superpower that is still young, meritocratic and possessed of excellence in so many fields can present as presidential candidates the likes of the two old codgers that we witnessed in the electoral debate last Tuesday, frankly leaves me speechless". Then there was Trump's contraction of COVID-19, which caused some volatility and an initially negative reaction in the markets, but Wall Street was still positive at the end of the week. Have equities and politics now gone their separate ways? It is possible that tonight's vice-presidential debate in Salt Lake City could be a decisive event. "Among Democratic voters, the belief has been doing the rounds for some weeks now that voting for Biden, in effect, means voting for his Vice President, Kamala Harris. It may be that the same conviction will also begin to spread among Republican voters, if Trump's illness proves to be more serious and long-lasting than we can predict today. And current Vice President Mike Pence could probably look after US interests better than you might think".

Today's eventful macro agenda opens with an update on German industrial output, which dipped in August, with production falling by 0.2% monthly and 9.6% annually. The day continues with retail sales in Italy. ISTAT will also release its monthly bulletin on the Italian economy in September. In the afternoon, the US will reveal figures on stocks and production of crude oil and, this evening, the Federal Reserve will publish the minutes of its latest meeting. There will also be a speech by ECB chief Christine Lagarde.

The **euro** opened stable above 1.17 dollars. The greenback held on to the gains it achieved yesterday, after Donald Trump announced the breakdown of negotiations for the new US economic stimulus package. The European currency is trading at 1.1737 dollars and 124.13 yen. The dollar/yen rate rose to 105.76.