



EARLY
MORNING
MEDIA

Private Client News

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CURRENT AFFAIRS

Senate passes \$484bn coronavirus deal

The Senate has passed a \$484bn bill providing aid to small businesses and hospitals, sending it to the House for an approval expected Thursday, and thence on to the Oval Office for President Trump's signature. The package, which lawmakers dubbed an interim emergency bill, also includes funding to ramp up the country's testing for the new coronavirus, but doesn't include funding sought by Democrats for hard-hit state and local budgets, which instead was pushed off to the next round of stimulus negotiations. "At the core of our agreement is \$320bn more for the Paycheck Protection Program, which is already saving millions of small-business jobs and helping Americans get paychecks instead of pink slips," said Senate Majority Leader Mitch McConnell (R-KY). In addition to the small-business aid, the bill includes \$75bn for hospitals and \$25bn for testing, two areas where Republicans said the need for funding grew more apparent over recent days.

[US News and World Report](#) [Politico](#) [Wall Street Journal](#)

Immigration to U.S. to be halted for 60 days

President Trump says he will halt applications of foreign nationals seeking permanent residence in the U.S. because of the coronavirus crisis. Mr. Trump said the measure would protect American jobs. "It would be wrong and unjust for Americans laid off by the virus to be replaced with new immigrant labor flown in from abroad," he said, adding that there could be some exemptions to the measure. "We want to protect our U.S. workers and I think as we move forward we will become more and more protective of them," he added. After 60 days, the need for modification will be evaluated "based on economic conditions," Mr. Trump said, conditions that he said he would personally assess. Andrew Selee, president of the nonpartisan Migration Policy Institute in Washington, says there is no precedent for such a move by a U.S. leader. "We're essentially telling citizens, companies, innovators, educational institutions to put their plans on hold. Can a president do that? I guess they're finding whether they have legal authority," he observed.

[Washington Post](#) [Fox News](#) [CNBC](#) [NBCNews.com](#)

White House weighs aid for oil companies

President Trump is considering the offer of federal stimulus funds to beleaguered oil-and-gas producers in return for ownership stakes in the companies' crude reserves, according to people familiar with the matter. The plan is being weighed as the coronavirus pandemic slows factories and shuts down businesses worldwide, causing a historic drop in oil demand just as production was reaching new highs. "We will never let the great U.S. Oil & Gas

Industry down,” the President wrote in a tweet on Tuesday morning. He said he wants the plan “so that these very important companies and jobs will be secured long into the future!” But the use of stimulus funds faces likely opposition from Democrats in Congress. Critics of the oil industry believe it is a contributor to climate change and doesn’t deserve a government bailout.

[Wall Street Journal](#)

DOMESTIC AND FOREIGN TAX

Coronavirus turns Tax Day upside down

Tax Day is traditionally the day when the federal government brings in more revenue than on any other single day in the year. Over the past five years, individual income taxes other than withholdings deposited at the Treasury Department on Tax Day have been more than double the next-largest daily amount, also in mid-April. This year, however, with the coronavirus pandemic seeing the individual tax deadline and estimated-tax deadlines pushed back to July 15th, the system ran in reverse, with \$17bn coming in and \$151bn going out as refunds, according to the Treasury Department. In all, individual income tax collections other than withholdings dropped 89% from Tax Day last year. This year, as usual, refunds peaked in February because many people file their tax returns soon after the Internal Revenue Service lets them, getting money back as quickly as they can. Then, late last month, Congress authorized one-time stimulus payments - categorized as refunds - of \$1,200 per adult and \$500 per child. The first wave of payments were recorded in the Treasury Department’s books as part of a \$150bn individual refund outflow on April 15th. That was more than half of the total amount of payments Congress approved, and more than double this year’s February peak refund day.

[Wall Street Journal](#)

Tax refund delays mount amid pandemic

Politico reports that the coronavirus pandemic has effectively crippled the IRS, with all of its processing and taxpayer assistance centers closed to protect its workforce. With the normal tax filing deadline delayed until July 15th, the IRS has turned most of its attention to sending out stimulus payments. It is reportedly moving unopened business tax refund requests into storage trailers, and has stopped processing millions of paper tax returns filed by individual Americans. Many taxpayers took to Twitter to vent about not being able to navigate or access an online IRS payment tracking tool, or having their payments misrouted to their tax preparers. Spokespeople for two of the biggest tax software companies, Intuit and H&R Block, said their systems weren’t at fault. Audits and tax disputes are other areas where the IRS usually relies on paperwork. Additionally, stalled examinations of claims for the earned income tax credit, which aids low-income working families, could be holding up recipients’ refunds, said Janet Holtzblatt, a former Treasury official who is now a senior fellow at the Tax Policy Center.

[Politico](#)

SCOTUS sets May 12th argument on Trump financial records

The Supreme Court will hear the case over whether Congress and the state of New York can obtain President Trump’s financial records on May 12th, via teleconference, after the original oral arguments were postponed due to the coronavirus pandemic. A live audio stream of the dispute, which centers on the congressional authority to subpoena Mr Trump’s private financial records and a challenge of a subpoena out of New York for Mr Trump’s tax returns, will be available for the media and can be distributed to the public in real time. The subpoenas seek years of the President’s personal records, as well as those of the Trump Organization and his other businesses. They are directed to Mazars USA, Mr Trump’s accountants, and his banks, Deutsche Bank and Capital One.

[Accounting Today](#) [Washington Times](#)

Denmark ban firms registered in tax havens from state aid

Denmark is banning companies that are registered in tax havens from accessing financial aid amid the coronavirus pandemic. The prohibition applies to companies that are registered in countries on the European Union's list of "non-cooperative tax jurisdictions." Rune Lund, tax spokesman for Denmark's leftist Red-Green Alliance, said: "When we spend billions of taxpayers' money on saving companies and jobs, they need to go to that purpose and not get sent to a tax haven on the other side of the world." *Reuters* notes that tax havens collectively could cost governments between \$500bn and \$600bn annually in lost revenue from corporates, according to some researchers.

Reuters

ECONOMY

Coronavirus claims 22m American jobs in one month

The U.S. Labor Department has announced that more than 22m Americans have lost their jobs in four weeks as the coronavirus pandemic has swept across the country. A further 5.24m people filed for unemployment benefits in the seven days to April 11th, making a total of 22.2m since March 14th. Since then, about 13% of the labor force has sought jobless assistance, far outpacing any prior four-week stretch on record. Previously, the largest number of Americans to ask for unemployment benefits in a four-week stretch was 2.7 million, or 2.4% of the labor force, in the fall of 1982. Thursday's report also showed 12 million Americans received unemployment payments in the week ended April 4th, a record. That is up from 7.4 million the prior week, which exceeded the highest level set in the 2007-09 recession. "Claims are now falling, having peaked . . . two weeks ago," said Ian Shepherdson, economist at Pantheon Macroeconomics. "But the weekly level is still almost unfathomably high." President Trump last week gave state governors guidance on reopening their economies. The 'Opening up America Again' plan details three phases over which states can gradually ease their lockdowns. Mr Trump warned that a prolonged lockdown risked inflicting a serious toll on public health that could include increased drug abuse, alcohol abuse, heart disease, and other "physical and mental" problems. He said: "America wants to be open . . . A national shutdown is not a sustainable long-term solution."

New York Times *Fox Business* *CNBC* *Wall Street Journal*

Virus is altering public values

Mark Carney, the Canada-born former governor of the Bank of England, has said that the coronavirus outbreak will fundamentally change how we perceive value in the economy - and it has shown already that society will put health first. He said that companies would be judged by "what they did during the war, how they treated their employees, suppliers and customers, by who shared and who hoarded." Writing for *The Economist*, Mr Carney added that the experience of the economic crisis would fundamentally change people's attitude to work and how they choose to spend their money. He said: "These lessons will not soon be forgotten. They will have lasting consequences for sectors that rely on aggressive borrowing by households, a booming housing market and a vibrant gig economy."

The Economist *The Times*

Crisis redeploys workers at record pace

The coronavirus emergency has seen companies rapidly redeploy thousands of employees into new jobs in one of the fastest labor shifts in postwar U.S. history. Some workers are moving into new roles within their existing companies but others are being hired by new employers through partnerships that would have been untenable in the highly competitive labor market that existed at the beginning of the year. For example, CVS Health is collaborating with Gap, Hilton, Delta Air Lines and many other companies to employ laid-off staff to meet a pandemic-fueled surge in the retail chain's business. The *Wall Street Journal*

says the fast pace of change is a human resources challenge for organizations which need to quickly assess people's skills and train them for new roles. "I'm grateful for the spirit of the partnerships," says CVS chief recruiter, Jeff Lackey. "I tell people, we only have one enemy right now, and it's the coronavirus."

[*Wall Street Journal*](#)

INVESTMENT

Big banks sued for allegedly conspiring to rig corporate bond prices

Ten of the world's biggest lenders have been sued for allegedly conspiring since August 2006 to rig prices in the U.S. corporate bond market. The proposed class action filed yesterday in federal court in Manhattan said the banks, including JPMorgan Chase, Bank of America, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, Morgan Stanley, Royal Bank of Scotland and Wells Fargo have for over nearly 14 years violated antitrust law by overcharging investors on "odd-lot" trades, which are worth less than \$1m and comprise 90% of all corporate bond trading, so costing ordinary investors billions of dollars. "No reasonable economic justification explains the magnitude of the pricing disparity," the complaint said in reference to claims that the banks leveraged their power from handling the great majority of U.S. corporate bond underwriting to quietly inflate spreads between the prices where they would buy and sell odd-lot bonds.

Reuters

Pandemic hurts corporate activism for now

A report by investment bank Lazard says that activist investors will likely scale back their campaigns for change in the coming weeks as target companies ignore their demands as they prepare for a deep recession following the coronavirus pandemic. However, data analyzed by the lender suggests there may be a rebound in corporate activism by the end of the year when the likes of Elliott Management, Third Point and Pershing Square Capital Management have capital to invest and companies need help to improve their performance. "Lower M&A activity and companies focused on conserving cash will mean that activists are likely to increase their focus on operational performance and how management teams react to the crisis as the basis for new campaigns. But in a few months, activists who have been waiting on the sidelines could come back with a vengeance," said Jim Rossman, who heads shareholder advisory at Lazard.

Reuters

Companies move shareholder meetings online amid lockdown

Stay-at-home rules to stop the march of the novel coronavirus are forcing companies to either postpone their annual general meetings or turn them into virtual events, a first for many executives at a time of heightened concern over the resilience of corporate America. So far this year, at least 920 U.S. companies had announced virtual meetings, up from 283 in 2019, according to ISS Corporate Solutions. About 70 companies have delayed their annual meetings. Turning a shareholder meeting into a virtual event requires changes to the format, often resulting in more concise meetings. It also helps executives prepare responses to shareholder questions. Some companies are asking investors to send queries prior to the virtual meetings instead of allowing spontaneous queries on the day.

[*Wall Street Journal*](#)

Facebook scales back plans for global digital currency

Facebook's plans for a single global cryptocurrency are being scaled back amid fears at central banks and regulators that the digital coin would compete with national currencies and undermine monetary policy. The Libra Association has said it is no longer focused on offering a single universal coin based on the value of multiple currencies. Instead, the Swiss-based group tasked with creating the cryptocurrency said it would create multiple different

digital tokens, each tied to the value of a local currency. “The feedback is not at all in vain,” said Dante Disparte, the vice chairman and head of public policy at the Libra Association, in reference to earlier widespread opposition to the cryptocurrency. “What we are trying to demonstrate is that it is now being incorporated in the project.”

[New York Times](#)

PERSONAL FINANCE

U.S. consumer confidence at 42-month low

U.S. consumer sentiment continued to sink rapidly in the seven days to April 11th, falling to the lowest level since before President Trump was elected, as the fallout from the coronavirus pandemic continued to impact the economy. *Bloomberg's* Consumer Comfort Index dropped 5.4 points in the seven days to April 11th, to 44.5, its lowest since October 2016. The gauge of the buying climate, which tracks attitudes toward spending, decreased 5.9 points to 37, the lowest since December 2015. The comfort index sits at a three-year low among Republicans, while it fell to the lowest since January 2017 for political independents. Democrats showed the least consumer comfort, with the index dropping to its weakest point since September 2012.

[Tech Crunch](#) [San Francisco Chronicle](#)

REAL ESTATE

Existing-home sales slump 8.5% in March

Americans pulled back from purchases of previously-owned homes in March, according to the National Association of Realtors, as the coronavirus pandemic shut down much of the U.S. economy, triggering a decline in the biggest part of the housing market. Sales dropped 8.5% from February, the biggest month-on-month decline since November 2015, to 5.27m. Economists surveyed by the *Wall Street Journal* expected a 7.5% decline last month. On an annual basis, sales were 0.8% higher. Regionally, sales dropped across the nation but hardest in the West, down 13.6% month to month. Sales fell 9.1% in the South, 7.1% in the Northeast and 3.1% in the Midwest. The median existing house price was up 8% to \$260,000. “Unfortunately, we knew home sales would wane in March due to the coronavirus outbreak,” said Lawrence Yun, the National Association of Realtors’ chief economist. “More temporary interruptions to home sales should be expected in the next couple of months, though home prices will still likely rise.”

[Wall Street Journal](#) [CNBC](#) [Market Watch](#)

Billionaires seek pandemic paradises

Demand for tropical island paradises has never been higher, according to John Christie, an agent at HG Christie, affiliate of Christie’s International Real Estate. He says enquiries about private islands for sale in the Caribbean have quadrupled in the last six weeks as billionaires seek to get away from the coronavirus pandemic. “After 9/11, the same thing happened,” says Christie. “People were scared and sought a safe haven. At the moment, all the private island owners who would normally use the islands for two months a year are now in residence until everything blows over.”

[The Daily Telegraph](#)

Bill and Melinda Gates buy Del Mar home for \$43m

Bill and Melinda Gates have paid \$43m for a six-bedroom oceanfront home in Del Mar, Calif., in one of the largest deals recorded in the area. The pair purchased the property from Madeleine Pickens, the former wife of Texas billionaire T. Boone Pickens. Mr. Gates, the co-

founder of Microsoft and one of the world's richest people, has historically used his compound in Medina, Wash., as his primary home.

[Times of San Diego](#) [Wall Street Journal](#)

OTHER

California to give 70,000 devices to students

California Gov. Gavin Newsom has announced a series of partnerships with the likes of Amazon, Apple and T-Mobile to provide laptops, Chromebooks and tablets to 70,000 students as well as internet access for hundreds of thousands of households. Approximately one in five students in California lacks high-speed Internet or an appropriate computing device at home, according to the state. Amazon is donating 10,000 tablet devices, while HP and Lenovo are between them donating 9,000 Chromebooks. Apple, meanwhile, is actively working with 800 districts across the state, offering free coaching sessions to teachers to help them with the transition to remote learning. In addition, Apple is offering special pricing for iPads with cellular, and has given the equivalent of 9,000 iPads to ensure the most vulnerable in our state have access. "We are so thankful to everyone that is stepping up to help us close the digital divide. These efforts will truly make an impact in the lives of our students and an even greater impact as we work to close achievement gaps that existed before this public health crisis," said State Superintendent of Public Instruction Tony Thurmond.

[The Mercury News](#) [KGET](#)

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Email: info@earlymorningmedia.co.uk

Registered in England No: 06719248

Registered Address; Global House, 1 Ashley Avenue, Epsom, KT18 5AD

Phone: 0207 186 1060

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