

Financial Daily Dose 7.2.2020 | Top Story: Resurgent virus threatens nascent US economic recovery

A resurgent virus is spelling trouble for the promised return of the American economy, with states seeing big Covid blooms now losing ground on the economic activity and hiring that helped propel markets to their best quarter since the late 1990s – NYTimes and WSJ and MarketWatch and Bloomberg

We'll be poring through the June labor report this morning to see just how that dynamic is playing out when it comes to jobs, an exercise complicated by Labor Department "misclassification of out-of-work Americans as employed" – Bloomberg and NYTimes and WSJ

Nafta 2.0 (the USMCA) officially went into force yesterday after years of negotiation, but many of the pact's touted requirements—from "expanding worker rights [to] opening up the flow of agriculture, have not been fully met, or still need to be phased in over the coming months and years" – NYTimes

An investigation by the Transportation Department's internal watchdog into the FAA response to the first Boeing 737 Max crash and its aftermath paints a critical picture of the FAA, whose review of the crash "got bogged down in bureaucratic procedures, never got finished and eventually was abandoned with a second MAX went down in March" – WSJ

Always Johnny on the Spot, SoftBank is seeking to back its way out of a partnership with Wirecard (after helping to arrange a \$1 billion investment mere "months before the German payments company went bust") – WSJ

Hertz and its creditors have found themselves in an \$11 billion tussle over "how to shrink its nearly half-a-million vehicle fleet." Hertz is looking to covert its master fleet lease into individual agreements "so it can reject the terms on 144,000 vehicles," in one fell swoop, allowing the company to save some \$80 million each month. The creditors want to keep the master lease in place and see Hertz sell the vehicles off individually, "using its industry connections to command top dollar" – Bloomberg

ViacomCBS has named Amazon exec Naveen Chopra as its new CFO. Chopra will take over from current CFO Christina Spade in early August – WSJ

The Fed is seeing a tepid response to its \$600 billion Main Street Lending Program aimed at helping “small and midsize businesses weather the coronavirus-induced recession,” thanks to “less-than-appealing terms, which changed repeatedly before the official June 15 launch” and difficulty companies “in dire need of cash” are facing in receiving approval to participate – WSJ

Meanwhile, with more than \$130 billion still in the bank and available for lending, the House has passed a measure that would reopen the PPP through early August – Law360

Drugmaker Novartis is slated to pay nearly \$730 million to “end two separate sets of allegations from the U.S. Department of Justice that it violated the False Claims Act through company-wide kickback schemes to pump up prescriptions” – Law360

One of the star investors of the last recession, John Paulson, is quitting the hedge-fund business in favor of a family-office model – Bloomberg

Congrats on officially making it through the halfway point of 2020. No small feat these days. Your reward? Why, some Duchess Goldblatt, of course – NYTimes

We’re off tomorrow for the 4th. Stay safe, and have a great holiday weekend.

MDR