

# Market Update

9<sup>th</sup> October 2020

## Geo-political

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**President Trump** – After contracting Covid-19 last week, US president, Donald Trump, was released from the Walter Reed hospital after a brief stay earlier in the week, stating that he feels as good as he did 20 years ago. The president put his swift recovery down to an unapproved experimental antibody cocktail made by Regeneron, while also stating that the drugs were a cure rather than a therapeutic measure. Soon after leaving hospital, Mr Trump advised his representatives to pull out of the ongoing US fiscal stimulus talks, as Democrats and Republicans could not agree how much the package should be worth, the Democrats had hoped for a package worth around \$2.2 trillion, whereas the Republicans think that the economy needed far less. The president has vowed to stop negotiating until after the election on 3<sup>rd</sup> November, stating that after he wins, he will pass a major Stimulus Bill that focuses on “hard working Americans and Small Business”.

**UK economic recovery** – The UK economy continued its recovery in August, growing by 2.1%, as the Eat Out to Help Out scheme boosted restaurants. August’s figure, although positive, fell below expectations and still leaves the economy 9.2% smaller than it was pre Covid-19. August’s estimated growth in GDP (gross domestic product) was also lower than expected, with economists polled by Reuters expecting a monthly expansion of 4.6%. This follows an expansion of 6.4% in July, 9.1% in June and 2.7% in May, after the record plunge in April of -19.5%.

**Covid-19** – Case numbers continued to rise rapidly in the UK and France this week, with tighter restrictions and local lockdowns failing to contain the spread. The infection rate in the UK fell from 1.3-1.6 to 1.2-1.5, but case numbers have now risen to an average of 17,200 in the seven days to 1<sup>st</sup> October. UK Chancellor, Rishi Sunak, is expected to announce a local furlough scheme for businesses in areas affected by the tightened coronavirus restrictions, as reports came out that pubs, restaurants and bars in the north of England will be forced to close to try and contain the spread.

## Market Summary

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**Global Equities** – Major global equity indices finished mostly positive as at Thursday’s close. President Trump’s health improvement, as well as ongoing US fiscal stimulus talks boosted investor sentiment at the start of the week. US stocks dipped on Tuesday, as Trump stated that he was to put a hold on stimulus talks until after the November presidential election. Equity markets responded positively towards the end of the week however, as Trump changed track and called for a “skinny” relief bill that would include elements such as direct payments and a bailout to struggling airline sector.

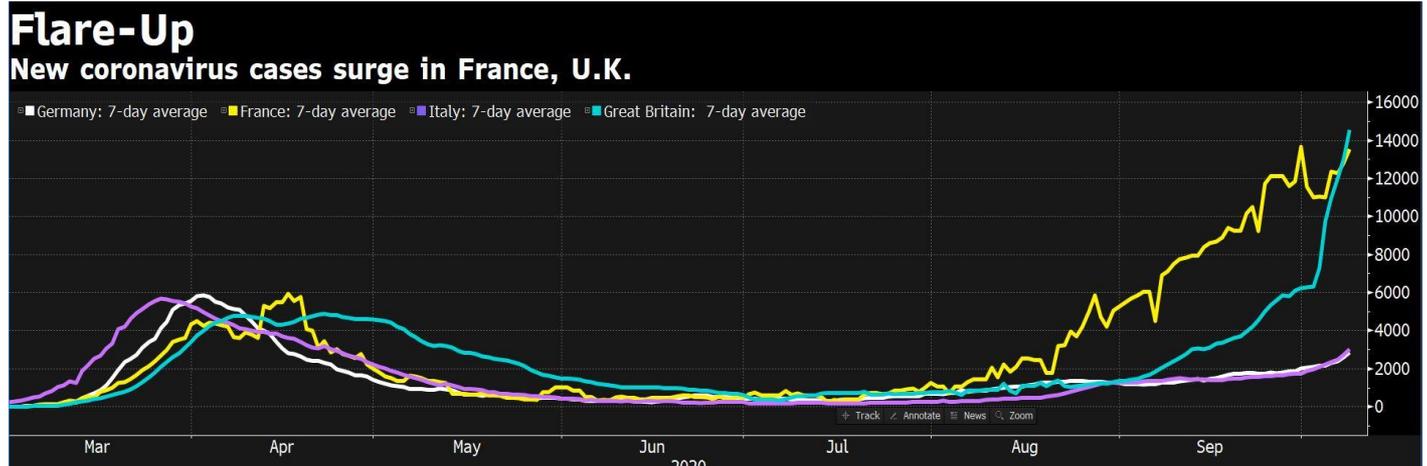
**Commodities** – Gold prices moved sideways versus the US dollar throughout the week, gaining just 0.27% as at Thursday’s close. Prices jumped up by 1% on Friday morning, en route to a second straight week of gains, as the US dollar weakened and renewed negotiations for US stimulus prompted investors to buy gold as a hedge against inflation.

On Friday, oil prices (Brent Crude & WTI) were on track for weekly gains of around 10%, the first rise in 3 weeks. The rise in prices comes as a result of supply cuts caused by a storm in the Gulf of Mexico and a strike of offshore workers in Norway.

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Chart of the week



Source: Bloomberg – Covid-19 cases rise rapidly in France and the UK

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	- Germany CPI - US CPI	- US PPI Inflation	- China CPI	- EU Inflation

Market Performance 2020 – 09/10/2020

Global Market Indices	2020 YTD %*
FTSE 100	-18.88%
S&P 500	7.72%
Dax	-0.65%
Nikkei 225	3.61%
Hang Seng	-11.60%
Commodities	2020 YTD %
Gold	+24.86%

Source: FE Analytics/ Bloomberg.com

\*Total Return/Local currency

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