

Market Update

6th November 2020



Geo-political

US presidential election – President Donald Trump’s strong start across the ‘Sun Belt’ states of the US appeared to significantly shrink Democratic candidate, Joe Biden’s, chances of becoming the next US President, with Trump winning the key battleground state of Florida. Both candidates stated in the early stages that they were on track to win the election, with President Trump discrediting ‘illegal’ mail in/absentee ballots which gradually came in, benefiting Biden. In certain states, Trump mounted legal challenges aimed at the counting of absentee ballots in key Democrat-leaning districts.

The winner of the election still remains uncertain, with the counting of mail in ballots continuing in crucial swing states of Arizona, Georgia, North Carolina, Nevada and Pennsylvania. What is certain though, is that the “Blue wave” did not materialise, once again showing that the pre-election polls don’t always correctly reflect the public’s opinion. On Wednesday, President Trump falsely claimed election victory, while moving in on multiple states with legal challenges. Trump has demanded a re-count of the votes in Wisconsin, as well as wanting to stop counting mail in votes where Biden’s numbers are surging. At the time of writing, according to Bloomberg, Mr Biden is winning 264-214 in the electoral votes, with 270 enough to win the presidency.

Market Summary

Global Equities – Global equities rallied hard throughout the week, shrugging off increased fears of rising coronavirus cases and new national lockdowns, with the majority of upward price action coming from shares in the technology sector. The increasing likelihood of a Democratic president, along with a Republican Senate offered relief for the tech sector, as it would be harder for Democrats to pass new disruptive legislation with a Republican majority Senate who oppose the legislation. The sharp move higher in technology shares helped the Nasdaq index climb a staggering 8.99% throughout the week, as at Thursday’s close. Other news flow helping equity markets included: positive economic data from China and the eurozone, as well as better than expected Bank of England stimulus.

Commodities – Gold gained more than 3% versus the US dollar over the week, enjoying the biggest daily gain in months on Wednesday, boosted by a decline in demand for the US dollar across the board. The rally was driven by increased bets of bigger economic support measures in the US as Democratic presidential candidate, Joe Biden, inches closer to the presidency.

Oil prices (Brent Crude & WTI) waned throughout the week, falling a further 3% on Friday morning. The commodity is being weighed down by a distinct lack of demand due to the steady rise in Covid-19 cases and the possibility of a contested US presidential election.

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Chart of the week



Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
	- China CPI		- German CPI - US CPI	- EU Q1 GDP

Market Performance 2020 – 06/11/2020

Global Market Indices	2020 YTD %*
FTSE 100	-19.74%
S&P 500	9.79%
Dax	-4.26%
Nikkei 225	5.74%
Hang Seng	-6.09%
Fixed Income	Yield %
UK 10 Yr Gilt	0.23%
US 10 Yr Treasury	0.77%
Commodities	2020 YTD %
Gold	+27.36%

Source: FE Analytics/ Bloomberg.com

*Total Return/Local currency

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