

Market Update

4th December 2020

Geo-political

Covid-19 – Soon after the Britain’s medicine regulator approved the Pfizer/BioNtech on Wednesday, the first batch of vaccines arrived in the UK from Belgium. The UK has ordered 40 million doses of this particular vaccine, enough to vaccinate 20 million people. Pfizer however, have revised initial production estimates for 2021 from 100 million doses, down to 50 million. One UK minister stated on Friday, that they were “absolutely confident” that the UK would have 800,000 vaccine doses by next week when the vaccination programme starts.

Over in the US, infection figures as well as death figures hit new highs, surpassing 14 million confirmed cases and a daily deaths figure of around 2,800. In response to the number of people currently in Californian ICU beds, the state announced a new state wide lockdown which will initially last 3 weeks to try and curb infection transmission.

Brexit – With less than four weeks left until the UK breaks away from Europe, EU officials said on Friday that a post-Brexit trade deal could finally be reached this weekend, UK negotiators however, insisted that negotiations were still “very difficult” and it was determined to “take back control” from the bloc it left 10 months ago. A spokesman for UK prime minister, Boris Johnson, said “there are still some issues to overcome. Time is in very short supply, and we’re at a very difficult point in the talks”.

Market Summary

Global Equities – Global equity performance was a mixed bag as at Thursday’s close. Equities rose early on in the week due to the positive news flow around approved Covid-19 vaccines and surprisingly solid manufacturing data out of China. By Midweek, the major indices in the US had hit all-time highs, and by the end of the week, the UK FTSE 100 hit a nine-month high, although UK equities still lag behind other major indices. European shares fell flat after gloomy eurozone business activity data.

Commodities – Continued US dollar weakness set gold prices rising for the fourth straight session on Friday, putting gold bullion on track for its first weekly gain in the past month. The rise comes after it touched a five-month low at the start of the week. Weakness in the US dollar has given confidence to gold investors, as has the prospect of a fresh round of fiscal aid in the US to help combat the economic damage from the Covid-19 outbreak.

Oil prices (Brent Crude & WTI) rallied and are due to finish higher for the fifth straight week. On Thursday evening, major oil producers agreed on a compromise to continue some cuts to production to cope with covid-19 hit demand, even though these fell short of expectations.

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Chart of the week



Source: Bloomberg – Equity markets rally strongly in November, with some indices hitting record highs

Key Economic Releases Next Week

| Monday | Tuesday | Wednesday | Thursday | Friday |
|--------|---------|------------------------------------|-------------------------|--------------|
| | | - China CPI - BoC rate decision | - ECB rate announcement | -Germany CPI |

Market Performance 2020 – 04/12/2020

| Global Market Indices | 2020 YTD %* |
|-----------------------|-------------|
| FTSE 100 | -11.57% |
| S&P 500 | 14.89% |
| Dax | 0.96% |
| Nikkei 225 | 17.64% |
| Hang Seng | -2.20% |
| Fixed Income | Yield % |
| UK 10 Yr Gilt | 0.32% |
| US 10 Yr Treasury | 0.92% |
| Commodities | 2020 YTD % |
| Gold | +20.44% |

Source: FE Analytics/ Bloomberg.com

*Total Return/Local currency

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