

# Market Update

## 15<sup>th</sup> January 2021

### Geo-political

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**President Trump impeached** – For the first time in the 245-year history of the US, Donald Trump has become the first president to be impeached twice. On Wednesday, the US House of Representatives approved an article of impeachment, charging President Trump with incitement of insurrection, which resulted in the attack on the US Capitol on the 6<sup>th</sup> January. The House voted 232 to 197 in favour of impeachment, which included 10 Republicans who broke ranks to join all Democrats in voting to charge the President. Majority Leader, Mitch McConnell, indicated that there would be no Senate trial before Joe Biden is sworn in next week. Some representatives in Congress are now hoping to use any eventual conviction to bar Mr Trump from running for president again in 2024.

On a side note, President-elect Biden is planning to put forward a \$1.9 trillion Covid-19 relief package, which includes more stimulus cheques, expanded unemployment benefits and further vaccination and virus-testing programmes.

**UK economic data** – The UK's economy shrank in November for the first time since the first Covid-19 lockdown last March, hit by fresh lockdowns and tightening social distancing measures. The economy contracted by 2.6% over the month, which was a smaller decline than most analysts expected, but economists are warning that Britain is still on course for a recession, with the economy likely to shrink in both the final quarter of 2020 and the first quarter of 2021. The UK's economy is now 8.5% smaller than it was before the pandemic in February last year.

### Market Summary

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**Global Equities** – Major global equity benchmarks finished the week mixed at Thursday's close. Equity benchmarks fell slightly to start the week as rising Covid-19 infection rates swept across the globe, including increased positive cases in mainland China. Joe Biden's plans to introduce a new stimulus package once in power, and some positive trade data out of China, brought some short term relief but this wasn't enough to change investor sentiment as covid infection rate news flow dominated. The outliers were in Asia, where Japan's Nikkei 225 finished at its highest level since 1990, and the Hong Kong Hang Seng hit a one year high, buoyed by robust Chinese mainland cash inflows.

**Commodities** – Gold prices made slight gains against the US dollar over the week at Friday's open after investors turned to safe haven assets as President-elect, Joe Biden, laid out plans to inject \$1.9 trillion of stimulus into the US economy. The commodity also clawed back recent losses due to Federal Reserve Chair, Jerome Powell, reaffirmed the bank's dovish stance, as he stated that the time to raise rates is "no time soon" as he believes that it will take a lot of time of higher prices to believe inflation is persistent.

Oil prices (Brent Crude & WTI) finished Thursday at their highest level since February last year, buoyed by the continued covid vaccine rollout and expectations that the Biden administration's stimulus package will help improve demand for oil.

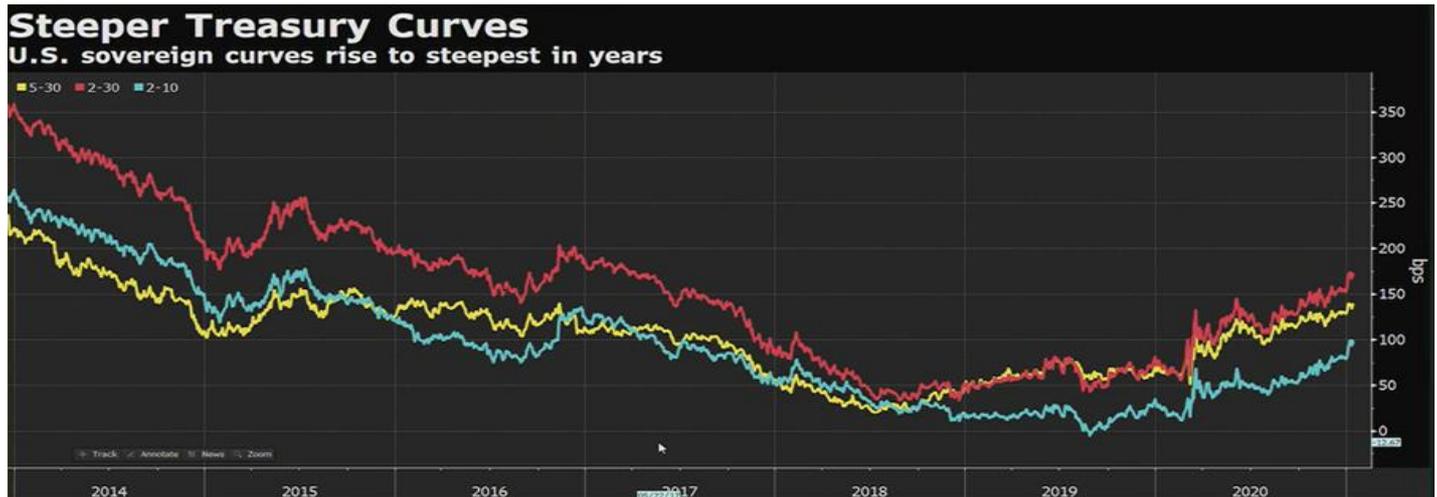
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### Chart of the week



Source: Bloomberg – US Treasury yields curves rise to steepest in years

### Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- China GDP yy	- Germany CPI	- UK inflation - EU inflation - Canada rate decision	- ECB rate decision - Japan CPI	- UK retail sales data

### Market Performance 2021 – 15/01/2021

Global Market Indices	2021 YTD %*
FTSE 100	4.37%
S&P 500	1.05%
Dax	0.92%
Nikkei 225	3.92%
Hang Seng	4.93%
Fixed Income	Yield %
UK 10 Yr Gilt	0.29%
US 10 Yr Treasury	1.12%
Commodities	2021 YTD %
Gold	-2.97%

Source: FE Analytics/ Bloomberg.com

\*Total Return/Local currency

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