Weekly Investment Update

18th September 2020

Geo-political news

Brexit – Brexit made the headlines once again as UK Prime Minister, Boris Johnson, tried to pass his Internal Market Bill through the house of commons. The bill proposes new legislation, which would re-write part of the withdrawal agreement relating to the border between Northern Ireland and Ireland. This sparked a backlash from Tory rebels and EU negotiators in Brussels. PM Johnson argued that the bill is necessary to avoid an "economic barrier down the Irish Sea", however, the EU have threatened legal action over what it considers a violation of an international treaty. US Presidential candidate, Joe Biden, also had his say on the matter, stating that any future trade deal between the UK and the US is "contingent" on the UK abiding by the terms set out in the Good Friday Agreement.

Israel, Bahrain & UAE deals – At an official ceremony at the White House, US President, Donald Trump, invited the leaders of Israel, Bahrain and the United Arab Emirates to sign new peace deals, which will normalise relations between the three nations and re-shape the political dynamics in the region. Israel's Prime Minister, Benjamin Netanyahu, described the new deal as a "pivot in history", with the deal including the opening of embassies and an increase in trade between all parties.

OECD forecast – The Paris-based Organization for Economic Cooperation and Development revaluated their outlook on global growth this week, as new forecasts expect global gross domestic product to drop by 4.5% in 2020, before rebounding by 5% in 2021. Previous forecasts for GDP growth in 2020 were predicted to be a decline of 6%, however, this changed after the US and China released better than expected economic data in the first half of the year.

Market Summary

Global Equities – Major equity indices experienced minor swings, finishing relatively flat. Covid-19 vaccine hopes and encouraging economic data out of China improved investor sentiment at the start of the week, however, these gains slowly fizzled away. The latest policy announcements from central banks around the world did little to inspire investors, with the US federal reserve, Bank of England and Bank of Japan choosing to leave interest rates unchanged. Rising concerns surrounding the rapid increase in coronavirus cases in the UK and Europe dampened investor confidence further towards the end of the week, amid concerns of the impact of tighter restrictions and an increasing number of local lockdowns.

Commodities – Gold prices stayed within a tight range over the week versus the US dollar, gaining just 0.11% as at Thursday's close. A lack of major economic data releases/events as well as US dollar weakness could be to blame for the sideways price action as of late.

Oil prices (Brent Crude & WTI) rose sharply, posting four straight days of gains up until Friday, as Goldman Sachs estimated that the market is in deficit and a new storm started building off the coast of Mexico. As at Thursday's close, oil prices rose roughly 10% over the week.

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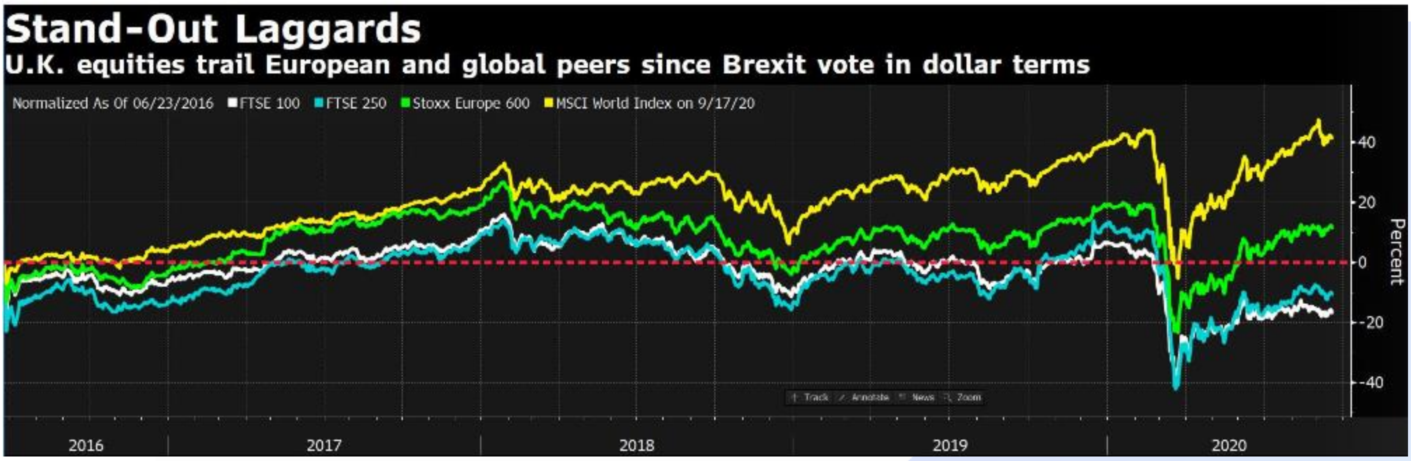
Chart of the week



Source: Bloomberg – UK equities lag behind global peers since Brexit vote

Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday

Market Performance – 18/09/2020

Global Market Indices	2020 YTD %*
FTSE 100	-17.99%
S&P 500	4.81%
DAX	0.62%
Nikkei 225	1.68%
Hang Seng	-11.11%
Fixed Income	**Yield %**
UK 10 Yr Gilt	0.19%
US 10 Yr Treasury	0.68%
Commodities	**2020 YTD %**
Gold	23.36%
Currency	
GBP/USD	1.30 (18/09/20)
GBP/EUR	1.09 (18/09/20)

Source: FE Analytics/ Bloomberg.com **Total Return/Local currency*

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