

Weekly Investment Update

2nd October 2020



Geo-political news

Covid-19 – In a week where the number of deaths attributed to Covid-19 passed 1 million globally, US President, Donald Trump, announced on Thursday evening that he and his wife Melania had received test results confirming that they had contracted Covid-19. The president had been self-isolating since one of his closest aides, Hope Hicks, tested positive. In the UK, the number of cities facing local lockdown restrictions are increasing, with Liverpool becoming the latest to be further restricted due to rising case numbers. There are encouraging signs on the vaccine front however, as the University of Oxford and AstraZeneca's vaccine is set for accelerated review by European regulators.

Brexit – On Thursday, the European Union filed legal proceedings against the UK over what it termed as the breach of its obligations in its withdrawal agreement with the EU. The action comes after the UK tabled the 'UK Internal Market Bill' on the 9th September, which, if adopted, would violate the protocol on Ireland/Norther Ireland. The UK now has a month to submit their response to the formal letter received. UK Prime Minister, Boris Johnson, is due to meet with the European Commission President on Saturday to take stock of the ongoing negotiations and their future relationship, which comes less than two weeks ahead of the October 15th deal deadline, when the European council of EU leaders will be taking place.

US presidential election debate – The first of 3 presidential debates took place this week in Cleveland, Ohio, prior to the election on the 3rd November. The event between President Trump and Democratic candidate, Joe Biden, quickly descended into chaos, as both parties repeatedly hurled insults and interrupted each other throughout. Commentators were left deeply unimpressed afterwards, as both parties failed to cover the most important issues due to constant interruptions. A CBS Poll conducted immediately after the debate suggested that Biden was the victor, with a narrow margin of 48% approval to President Trump's 40%.

Market Summary

Global Equities – Positive economic data released from China, upbeat corporate news, hopes of more stimulus in the US and positive signals coming from Brexit negotiations helped major equity markets stay in the black throughout the week. On Friday however, investor sentiment changed, turning most indices negative, as US stimulus talks fell through and President Trump contracted Covid a month before the election.

Commodities – Gold prices increased steadily throughout the week versus the US dollar, up 2.6% by Friday morning, on course for its best week in nearly two months as investors fled to safe haven assets. The news that President Trump tested positive for Covid-19 pushed prices higher as equities slumped.

Oil prices (Brent Crude & WTI) sank on Friday after the news surrounding President Trump, dropping roughly 4%. Brent and WTI were down 6% and 8% respectively for the week, making this the second week of declines. Oil was already in negative territory prior to the Trump announcement due to a lack of US stimulus lead to fears of worsening demand.

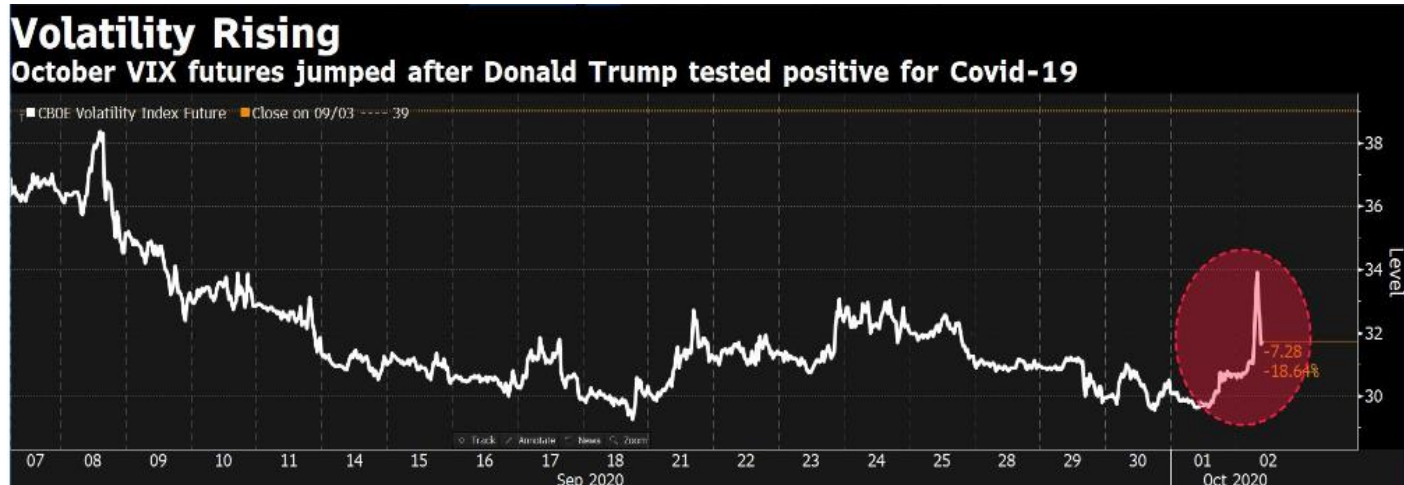
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Chart of the week



Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday

Market Performance – 02/10/2020

Global Market Indices	2020 YTD %*
FTSE 100	-20.47%
S&P 500	5.04%
DAX	-2.79%
Nikkei 225	1.58%
Hang Seng	-14.29%
Fixed Income	Yield %
UK 10 Yr Gilt	0.23%
US 10 Yr Treasury	0.67%
Commodities	2020 YTD %
Gold	24.99%
Currency	
GBP/USD	1.29 (02/10/20)
GBP/EUR	1.10 (02/10/20)

Source: FE Analytics/ Bloomberg.com

*Total Return/Local currency

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