

Weekly Investment Update

13th November 2020



Geo-political news

Finally, a vaccine – On Monday, a collaboration between the US based Pfizer and the Germany based BioNTech produced a Covid-19 vaccine, which in initial studies, is showing a 90% rate of effectiveness of immunity to the virus. The vaccine, if approved by regulators, could be rolled out as early as December, with the first batches being given to priority groups such as care home residents and health workers. The announcement, however, comes at a time where positive cases of Covid-19 have surged globally. Italy surpassed 1 million cases, the UK hit the bleak milestone of 50,000 deaths and in the US, the number of positive cases grew by more than 100,000 a day for 5 straight days. In his speech on Monday, US President-elect, Joe Biden, made tackling Covid-19 and uniting the country his priorities going into the presidency.

UK politics – In a somewhat volatile week in UK politics, the Prime Minister's most senior aide, Dominic Cummings, is set to leave Downing Street by Christmas. Mr Cummings was instrumental in the leave campaign's victory during the EU referendum and had already faced calls to resign earlier in the year after allegedly breaching Covid lockdown rules. Earlier in the week, Lee Cain, another adviser to the Prime Minister, resigned from his post just hours before he was due to be made Mr Johnson's chief of staff. The resignations came after a mounting backlash from senior Conservatives, frustrated at the advisers' aggressive approach, 'incompetent' handling of the coronavirus crisis, and major U-turns on issues such as free school meals during the holidays.

Market Summary

Global Equities – Global equities rallied hard throughout the week, as investor confidence returned after positive vaccine news flow. Previously unloved equities clawed back a large proportion of their pandemic-driven losses, while the pandemic winners in the technology sector lost some of their gains. The consensus now is that a tilt from growth stocks to cyclical value stocks is highly likely. The big winner this week is the UK FTSE 100, which after suffering huge losses since March due to its weightings towards the oil and energy sectors, made back 7.42% as at Thursday's close.

Commodities – Gold prices slid considerably versus the US dollar, falling \$100 per ounce, following Pfizer's vaccine announcement as investors moved in to riskier assets.

Oil prices (Brent Crude & WTI) rallied substantially versus the US dollar over the week, on track for a 9% weekly gain, as the news of a potential vaccine would increase global demand dramatically if successful.

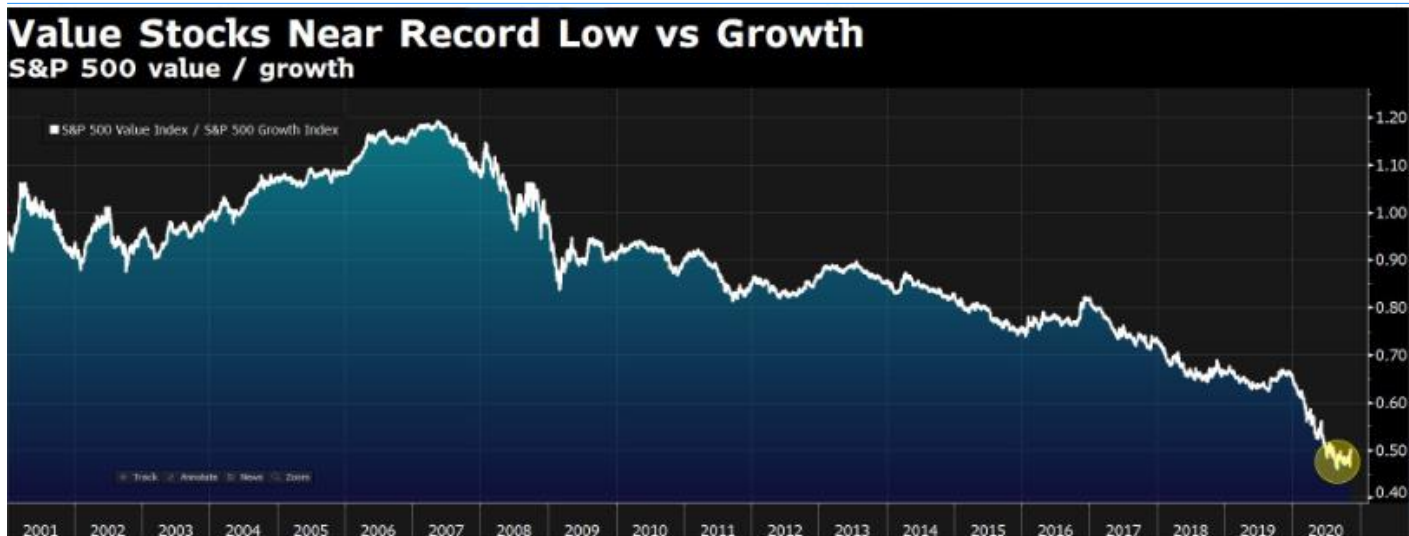
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Chart of the Week



Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
		- UK CPI	- Japan CPI	

Market Performance – 13/11/2020

Global Market Indices	2020 YTD %*
FTSE 100	-13.73%
S&P 500	10.69%
DAX	-0.56%
Nikkei 225	11.98%
Hang Seng	-4.31%
Fixed Income	Yield %
UK 10 Yr Gilt	0.35 %
US 10 Yr Treasury	0.88 %
Commodities	2020 YTD %
Gold	22.96%
Currency	
GBP/USD	1.32 (13/11/20)
GBP/EUR	1.11 (13/11/20)

Source: FE Analytics/ Bloomberg.com

*Total Return/Local currency

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