

# Weekly Investment Update

11<sup>th</sup> December 2020



## Geo-political news

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**Brexit** – After long, drawn out negotiations, Prime Minister, Boris Johnson, this week warned business and the public to prepare to leave the European Union’s single market without a trade deal as negotiation with EU officials break down. EU leaders only discussed the issue of Brexit for around 10 minutes at their all-night summit on Thursday, and negotiators now have until Sunday night at the latest to reach a compromise on key stumbling blocks.

**EU stimulus** – EU leaders finally resolved a standoff with member states Hungary and Poland, which had threatened to delay a €1.8 trillion budget and stimulus package. The resolution came as both Hungary and Poland negotiated a delay in a sanctioning process that could strip them of access to the funds. This is a big moment for the EU, as not only will the funds help the region overcome the economic damage from Covid-19, but they will pave the way for much deeper integration in the EU and set the stage for the continent’s transition to a low-carbon economy.

**Covid-19** – In the UK, Covid-19 levels in London are now the highest in the UK, prompting calls for the area to be put under tier 3 restrictions, from tier 2. Also in the UK, self-isolation periods for people who have either been in contact with a positive case or have come back from a destination requiring quarantine, have been reduced from 14 days, down to 10 days. Over in the US, daily death figures topped 3,000 as the holiday season begins, although good news came out of the US Food and Drug Administration, who have stated that they intend to “proceed towards authorisation” of the Pfizer vaccine.

## Market Summary

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**Global Equities** – Global equity performance was a mixed bag as at Thursday’s close. Asian equities dropped at the start of the week, and failed to recover, as US-China tensions grew, the Covid-19 situation in Asia worsened and Brexit negotiations stalled. The UK FTSE 100 held on to slight gains as sterling weakened and European equities slid due to the potential of a ‘no deal’ Brexit. In the US, equity markets finished slightly lower after hitting record highs on Tuesday, as technology stocks sold off and US jobs data disappointed.

**Commodities** – Gold prices slipped slightly over the week versus the US dollar as at Thursday’s close, after moderate gains to start the week. Expectations of the US Food and Drug Administration’s approval of the Pfizer BioNtech vaccine as well as no signs of a US fiscal stimulus in the near future kept the negative pressure on gold.

Oil prices (Brent Crude & WTI) rallied to hit their highest levels since March, as global consumption of gasoline and diesel rose to a two month high last week, which suggests that the impact of recent coronavirus lockdowns is waning.

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## Chart of the Week

### America's Resurgence of Virus Cases New daily cases



## Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
		- US FOMC rate announcement	- EU inflation - UK BoE rate decision - Japan CPI	

## Market Performance – 11/12/2020

Global Market Indices	2020 YTD %*
FTSE 100	-10.06%
S&P 500	14.95%
DAX	1.29%
Nikkei 225	17.40%
Hang Seng	-3.37%
Fixed Income	Yield %
UK 10 Yr Gilt	0.20%
US 10 Yr Treasury	0.91 %
Commodities	2020 YTD %
Gold	20.02%
Currency	
GBP/USD	1.32 (11/12/20)
GBP/EUR	1.09 (11/12/20)

Source: FE Analytics/ Bloomberg.com

\*Total Return/Local currency

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